Daily Report

Latin America

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CONTENTS

CARIBBEAN

Cuba

Robaina Delivers Speech to UN General Assembly *[Havana Radio]* 1
Robaina Meets With Spain's Solana on Pact With EU *[Madrid EFE]* 5
Economy Minister Outlines Growth Measures *[London FINANCIAL TIMES 26 Sep]* 6
BNC President on Opening of Foreign Banks *[London FINANCIAL TIMES 26 Sep]* 7
Seminar Held on Foreign Currency Transactions *[Havana Radio]* 8
Minister Defines New Foreign Investment Law *[PRENSA LATINA]* 8
Industries Minister on Labor Chapter *[Havana Radio]* 9
Portal on Energy Sector; Lage on Economy Strength *[PRENSA LATINA]* 11
Workers Federation Urges People To Conserve Fuel *[PRENSA LATINA]* 11
Government To Boost Agricultural Program *[PRENSA LATINA]* 12
Roundup of Cuban Economic Developments *[Havana Radio, etc.]* 13
Cable TV Channel To Begin Broadcasting in Mar *[CANA]* 13
Lage Addresses World Scholars Meeting in Havana *[Havana Radio]* 13

Haiti

Former Police Chief Sentenced to Hard Labor *[Port au-Prince Radio]* 14

St. Lucia

U.S. 'Domestic Politics' May Affect Banana Market *[CANA]* 14

MEXICO

Government Disagrees With U.S. Judge's Ruling *[Mexico City TV]* 16
PRI Criticizes Government's Economic Policy *[REFORMA 20 Sep]* 16
Secretariat Authorizes Opening of Dresdner Bank *[NOTIMEX]* 16
Police Arrest Alleged Murderer of Cardinal Ocampo *[NOTIMEX]* 16

CENTRAL AMERICA

Guatemala

President Views Sanctions Proposal by U.S. Senators *[PRENSA LIBRE 24 Sep]* 18
Minister: Demobilized Forces Excluded From Police *[SIGLO VEINTIUNO 23 Sep]* 18

Panama

President Reports on Working Tour Abroad *[Panama City Radio, TV]* 19
Article Views Nationalism in Debate Over U.S. Bases *[EL PANAMA AMERICA 25 Sep]* 22

SOUTH AMERICA

Argentina

Menem Comments on Oil Talks With UK, Departs for Asia *[TELAM]* 24
Di Tella Says UK Oil Accord Signing 'Very Important' *[TELAM]* 24

Senator: Regaining Malvinas Sovereignty 'Feasible' *[TELAM]* 24
Government Plans Own Oil Exploration Tender *[CLARIN 25 Sep]* 25
Tierra del Fuego Governor Reelected in 1st Round *[TELAM]* 26
Tensions Surrounding Cavallo-Menem Rift Viewed *[CLARIN 17 Sep]* 26

Bolivia

Sanchez de Lozada, Wasmosy View Transchaco Highway Project *[TELAM]* 28
Government Dismisses Antinarcotics Police Chief *[TELAM]* 29

Brazil

Cardoso: Nation 'Necessary Partner' For U.S. *[Madrid EFE]* 30
Cardoso Names Malan Interlocutor To Negotiate Reforms *[AGENCIA ESTADO]* 30
Cardoso's 'Seduction' of Governors on Reform Issue Viewed *[AGENCIA ESTADO]* 31
Governors React to Cardoso's Pact on Reforms *[AGENCIA ESTADO]* 31
Cardoso Advocates Agrarian Reform, Opposes Violence *[Brasilia Radio]* 32
Sao Paulo Governor Says States Lose With Tax Reform *[AGENCIA ESTADO]* 33
Central Bank Accepts Economico Bank Proposal *[AGENCIA ESTADO]* 33

Colombia

Samper Comments After Testifying Before Committee *[Santa Fe de Bogota TV]* 34
Asserts Ability To 'Discredit' Accusations *[Santa Fe de Bogota TV]* 34
Prosecutors, Search Bloc Sent to Uraba Region *[Santa Fe de Bogota TV]* 34
Interior Minister on Problems, Solutions *[EL TIEMPO 24 Sep]* 35
Shift in Money Laundering Activities Seen *[EL ESPECTADOR 17 Sep]* 36
Roundup of Colombian Economic Developments *[Madrid EFE, etc.]* 37
Correction to Former Minister Admits Managing Funds 38

Ecuador

Impeachment Proceedings Against Dahik To Begin 2 Oct *[Quito Radio]* 38
Military To Respect Impeachment Decision *[Quito Radio]* 38
Army Commander: Domestic Crisis Hinders Border Talks *[Quito Radio]* 38
Foreign Minister To Meet Peruvian Counterpart at UN *[NOTICIAS ARGENTINAS]* 39
President: Unity Lacking, Lima Visit 'Premature' *[Quito Radio]* 39
Rio Protocol Guarantors To Meet in Brazil *[Quito Radio]* 39
Correction to Bankers View Finance Minister's Dismissal 39
Correction to 'Incidents' Reported on Border 40

Paraguay

Wasmosy Returns From Bolivia, Comments on Strike *[ABC COLOR 26 Sep]* 40
Contradictory Versions of Strike Observance 25 September *[ABC COLOR 26 Sep]* 40
Correction to Wasmosy: Party Crisis 'Overcome' 41

Peru

Former President's Extradition From Colombia Sought *[Madrid EFE]* 41

Venezuela

Saudi Oil Minister Brings Message on Cooperation *[Riyadh SPA]* 41
Iran's Petroleum Minister Addresses Energy Conference *[Tehran IRNA]* 42
Energy Conference Creates Expectation *[ECONOMIA HOY 23 Sep]* 42
Roundup of Venezuelan Economic Developments *[EL GLOBO 25 Sep, etc.]* 43

Cuba

Robaina Delivers Speech to UN General Assembly

PA2709040295 Havana Radio Havana Cuba in Spanish 0000 GMT 26 Sep 95

[Speech by Foreign Minister Roberto Robaina Gonzalez at the UN General Assembly in New York on 25 September; from the "Evening Information Review" newscast — recorded]

[FBIS Translated Text] There is nothing new in the newspapers these days: ethnic tensions increase in various areas of the world; violence claims the life of a three-year old; increasing concern over new dengue outbreaks; clashes continue in the Balkans; youth commits suicide after killing his parents, his brother, and eight others; Third World children are at risk of catching Western world illnesses. Mr. President, Messrs. delegates, is this the peace, the new world, and the new order we promised ourselves 50 years ago? Are nations really united half a century after ending that devastating world war?

Many people believed until recently that we were definitively distancing ourselves from the dangers of global war and that certain old-time confrontations were beginning to be resolved through dialogue and negotiation. Nevertheless, threats of worldwide fanaticism have multiplied through dozens of regional and local conflicts, motivated by the most diverse reasons ranging from geopolitical, economic, and commercial differences to ethnic and religious reasons.

Veteran Europe, which believed itself protected by several postwar agreements, is today the scene of direct confrontations in all its latitudes. In the Balkans, which is overseen by certain peacemakers from this same organization, concentration camps, which we believed have been extinct since Hitler, have been resuscitated.

Terrorism, originally encouraged by certain developed and powerful countries, has today turned against those same countries, just like a snake's tail, and now the same millions that are spent to fight it were previously invested to make it sprout like a plague.

Drug trafficking also terrorizes great cities, but the cultivation of certain plant species in the underdeveloped world is not the factor encouraging the scourge; instead, it is the tolerance of drug consumption and the covert protection of its production and commerce for profit in these same cities.

Extremism, xenophobia, racism, and discrimination by reason of nationality, creed, or gender proliferate once again together with the ghost of fascism, which is seemingly returning from its grave.

Globalization, an entelechy conceived for the interests of large multinationals, devours national identities, sovereignties, and independencies, arbitrarily [word indistinct] beyond any limit or reason, and drags with it the worldwide invasion of extreme poverty, population growth, migration en masse, and a deteriorated environment, which not even the most powerful countries will be able to avoid.

At the same time, ideological discriminations, impositions, isolation, and all sorts of selfishness persist in undermining new integrationist efforts such as the SEAN [Executive Secretariat for Nuclear Affairs] and the recently formed Association of Caribbean States.

An excluding type of Pan-Americanism is sabotaging the efforts the Ibero-American and Caribbean nations are making to strengthen regional agreement seeking forums and to work together on their common needs. The country, claiming for itself a supreme leadership role as a manifest destiny, is conspiring now, as it has been doing for a century, to mar whatever regional or international association of people that does not suit its narrow national interests.

Asia and Africa, which were able to decolonize themselves, are now laboratories where societies with millenary cultures and a strong tribal heritage are having imposed on them western neoliberal models completely alien to their national characteristics.

Fifty years have gone by and still, despite its efforts, the United Nations has been unable to eradicate hunger, suffering, or curable diseases that kill millions of children, and it has been unable to satisfy the need for water of millions of people.

The fictional world in which we are supposed to live cannot hide the existence of nuclear weapons, which, according to reports, could destroy the world three times over, as if once were not enough.

The delusions about the future as advertised in the big cities with neon lights and display windows will be unable to save earth from the waste being dumped in its seas, or from atmospheric contamination and the destruction of ecosystems and species, including humankind. This kind of news is scarcely reported nowadays on television, which is constantly reporting miracle detergents, as if the horrors of the entire planet could be erased or washed with these solvents. Light and shadows, but more shadows than light, seem to be the context of this General Assembly on the eve of the 50th anniversary of the United Nations.

Cuba has observed with concern the sometimes surly and ungrateful manner in which highly developed countries are trying to take advantage of this moment to dic-

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tate what the new economic, legal, and political basis of this world should be. This goes against the objectives of peace, development, equality, and justice as well as the safeguarding and necessary rescuing of the Charter's most important principles.

Throughout the complex debates that have taken place in recent months, there have been all types of praise for the thesis of limited sovereignty, for humanitarian interventions, and for preventive diplomacy, all of which is wrapped in an agenda for peace in which the United Nations wastes two-thirds of its budget.

Throughout these debates, there has been no lack of clashes with neoliberal ideas in vogue, ideas that equate assistance and development and establish conditions disguised as good intentions, such as those with which the road to hell is paved.

We have moved from the bipolar world, within the East-West framework, to the unipolarism of the powerful, and only the Nonaligned Movement and the Group of 77 have survived, which some also want to vanish, silence, or reeducate, as if the problems of the Third World depend only on the disputes of the big powers and their postwar allies.

The world's huge majority is demanding the safeguarding of equal sovereignty, territorial integrity, and the nonmeddling in the domestic affairs of states, the basis of international law, but this is being countered by those who want to bury all these principles for their own benefit.

Going against all reason, an effort is being made to step on the Third World's right to develop, and this is being done through mechanisms fostering the embryo of domination, which was the very reason for the creation of this organization.

All the efforts and projects we have put forth in this scenario to establish a new, fairer, and more equitable international economic order are doomed to failure by the obstinacy of the wealthy and turns into an ever increasingly insurmountable abyss, the gap of which separates them from the poor. A big wave of privatizations has dispensed with the national structures and endangers the important but fragile world accomplishments gained by humanity in its development. Today streets, parks, cities, and even prisons are privatized. Under this influence, it would seem as if we are now headed toward the privatization of world power and law, from which not even the United Nations escapes.

There are those in the United Nations seeking to have the rest of the member nations have little or nothing to say about their destinies. We agree on one thing: The world has changed. Everyone says so, so it must be true, but where is it headed? In the face of the impressive achievements of the human species, we live with those indescribable sufferings that ridicule any material and spiritual progress we could be proud of in the face of the next century.

The crisis of civilization, initiated in the richest and most powerful part of the planet, has today extended to international organizations and to this lofty scenario. The countries of the South cannot want to continue enduring the North's imposing conditions on us. The countries of the North must listen to our criteria and also change their patterns of development.

Although it is in vogue to include the topic of human development on all agendas for international discussion, it has been relegated by the postmodern technocracy. There are still those who celebrate the fall of the Berlin Wall and the toppling of the European socialist world without realizing that no new world has been erected in its place as yet and that, on the contrary, many more walls are emerging around them.

The centers of world power are imposing refined and subtle forms of a new colonization, as part of their national policies and strategies of national security, or, better said, of extraterritorial domination. Cuba knows it by heart.

Ridiculous gestures of generosity, handouts, and material alms accompany the cultural and ideological invasion which corrode countries and neutralize them as protagonists of history. The new ark of the postmodern saviors is predestined to divide humanity into the self-chosen and the excluded. Solidarity, the symbol of the love between men and the essential attribute of its formation in all eras, is today a species in danger of extinction.

Like the model that [words indistinct] itself over the most brutal egotism, the Third World appears doomed to engage in debates about confrontations and cooperation and to renounce the best of the human spirit, which is precisely that solidarity. They are also attempting to change this same organization, which opposed colonialism and apartheid with so much solidarity.

Is there solidarity in the secret contacts and in the onerous understandings that precede the decisions of the organizations that are manipulated in the interests of certain powers? Can the new invasions to kill hunger, safeguard peace, restore democracy, or support what are considered new governments be understood as solidarity? Is there solidarity within a security council without openness, antidemocratic, that no longer fulfills the ground rules of the UN Charter or extralimits them

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and refuses to bury the power of veto and renounce permanent membership?

Of what solidarity are we speaking when that organization refuses even the alternative of sharing its absolute power more equitably with other nations. In international law, the lifestyle of those who proclaim as a national philosophy not having friends but, rather, interests should not be assumed in any way as valid, unless we want to order the planet's mass extermination.

Because we are talking about preventing mass extermination, we should unquestionably support the enactment of treaties that fully outlaw nuclear weapons, any monopoly on nuclear technology, all nuclear tests, either peaceful or simulated, and the total moratorium on all tests to be declared until such time when these weapons can be completely banished. All nuclear powers, without exception, must be required to adhere to the recommended treaties.

Mr. President, delegates, with the assurance that Cuba continues to endure, I come here to this platform for the third consecutive year to denounce what has already been denounced, to condemn what has already been condemned, to reiterate what is already being demanded by the overwhelming majority of the community of nations. At the threshold of the 21st century, the criminal economic, commercial, and financial blockade imposed by the United States against my country for the past 36 years still persists. We have been able to survive the experiment that seeks our destruction. It is an experiment that has been ridiculed thanks to the stubborn resistance demonstrated by my people.

After years of crisis, the Cuban economy finally recorded a 0.7 percent growth during 1994, while the budget deficit was practically cut by half. Inflation, as measured by the unofficial exchange rate, declined by more than 80 percent, and the economy has grown by nearly 2 percent at the close of the first half of 1995. Major economic transformations have paved the way for these results. In no way did these measures prevent our government from continuing to provide education, health, employment, and social security to the people. All of this has been possible, because we decided, as far back as 1959, to zealously and firmly defend the commitment pledged to the fathers of our nation to keep the country free and sovereign 90 miles from the great power that has always looked upon us as its backyard or an appendage of its territory.

All of this has been possible, because in this world, which is obsessed with buying and selling everything, including souls, and making a profit out of it, we have claimed and proven that it is possible to live with a code of conduct based on principles, national unity, justice, respect for human dignity, equality, virtues, as well as loyalty and that absolutely no one has the right to question our decisions. It has also been possible, because we have been loyal to the Charter we signed nearly 50 years ago and to its commitment to respect and demand respect for our sovereignty, national independence, self-determination and not allow interferences in our internal affairs.

I might also add that these results have been possible, because we decided to embark, with much sacrifice, on the task of ensuring our economic independence free today from past obligations and with the experience gathered from having to economically rely on other nations. It would be ungrateful of me if, in referring to the incredible task undertaken by the Cuban people, I failed to mention those millions of people who have provided us with support during those difficult years, those dozens of nations and governments who have abstained from breaking off relations with Cuba, those who have chosen to strengthen relations and were brave enough to open up to us for the first time despite tremendous pressures and threats.

Now, just as trade and foreign investments are contributing to boost the Cuban economy, a race has broken out at the U.S. Congress with a view to approving a legislative bill that jeers and challenges the will of the majority of nations, violates free trade and all forms of civilized relations between people and governments.

Some extremist groups in this country intend to prolong for many years the implementation of a lasting solution to the conflict between the two countries and to do away with the migration agreements signed by the two governments last year. Only a few days ago, the U.S. House of Representatives took the first step in this announced crime by approving the aforementioned bill, which, among other absurd things, calls for an international blockade against Cuba, which is really aimed at all of humanity. It did not take us by surprise, because, barring the gestures of the many friends we have in this great nation, nothing good has come to us from those who have led this country's destiny in the last 36 years. I trust, however, there are honest people who have a minimum of good judgment to know which side is right even if they are not friends of the Cuban Government. There is still time to stop in the Senate and in the executive branch the hand that wants to stab in the back the future of any attempts of rapprochement between Cuba and the United States and who want to add more tensions to the already difficult international relations.

In the face of a world that accepts us as different, that does not attack us and does not isolate or discriminate

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us, this U.S. position is the one that is being self-blockaded in time and in life. It is a lone position against Cuba in this assembly.

My country does not question anyone for the type of government he may have. We do not ask anyone to imitate our type of government, but we do not accept others imposing their style of government on us. We reaffirm it with the certainty that the process of democratic, economic, and social justice initiated in Cuba in 1959 has led us down a clean path and has shown its unity, strength, and capability to face the challenges of our times and provide new solutions.

We firmly believe in the authenticity and the people's support for our revolution and our socialism, which are as Cuban as our palm trees. We defend our right to life and to our own voice, because in the pluralist world that is being announced to us, we must respect the plural and distinct nature of all nations.

Documents are circulating in this assembly that prove what I say. Repulsive threats and blackmail are also circulating against those who are making an effort not only to be ethical or worthy of dignity, by taking sides in a matter of international interest, but to lay bridges toward Havana.

Diplomacy and the policy of our days cannot be practiced by threatening families wishing to be reunited or by threatening congressmen, businessmen, and politicians who have to resort to bodyguards to protect themselves. What is ahead for us in the next century if this trial of a world government is successful with Cuba?

We need something more than just the reiteration of a condemnation of the blockade in this assembly. Cuba has every right to demand actions that can stop this outrage, because if it is successful, any one of you could be the new victim tomorrow.

It is time to put an end to a conflict that was born more than two centuries ago, even before the birth of socialism, much before the East-West conflict and, of course, long before the triumph of the Cuban Revolution.

Cuba has been able to come out ahead thanks to solidarity. In its name, we hope the human rights issue is stopped being used in political manipulations that tarnish the honor of many decent countries, because in the face of the false and pathetic stories of human rights violations in Cuba, the world must recognize that we have not lacked the love and sacrifice to save the millions of mothers and children who do not have sufficient food today in the face of blockaded markets. The heroic and sorrowful efforts to obtain medicines for the sick, insulin for diabetics, aminophyline for the asthmatic, pacemakers for those who suffer from cardiopathy must be made known today, because the suppliers of these medicines and techniques were warned, boycotted, or proscribed by the U.S. Treasury Department. The world must know that the right to life is terribly threatened in Cuba and how, despite this, my country lives, works, and loves, and every day renews hope for a better future.

If truth had another price in the markets, the world would identify the most talked about victims of human rights violations in Cuba as what they are: vulgar servants of a foreign power from whom they receive encouragement and pay for raising their voices and actions against the very soil on which they were born in favor of the annexation desire of our powerful neighbor. The world's honest people could also differentiate among the community of Cubans living in this country an increasing majority that from here defends Cuba's sovereignty, demands the rights that have also been blocked, and works with all our support and all our respect to normalize relations with the fatherland.

The world cannot be deceived all the time, much less the noble and hardworking U.S. people, where new voices of solidarity with Cuba emerge every day. Without the blockade, Cuba could show with much more clarity the unsuspected reserves of talent and energy of its project and would improve the material and spiritual quality of our lives. This would allow us much more liberty to give our modest contribution to humankind's cultural and scientific wealth and that of the United States itself.

It is outrageous that in the so-called country of great freedom, its own tourists and entrepreneurs are allowed to travel and freely invest all over the world except in one destination and in a market that is becoming increasingly attractive only 90 miles from its own coast.

The U.S. people, whose economy, policies, dignity, laws, and human rights have also been deeply affected, are afraid to see that the seeds sown for more than 30 years will serve as a true national embarrassment, as its war against Vietnam.

Let us be clearly understood: Cuba wants normal relations with the United States, provided both countries share a natural feeling of good neighborliness, respect, and equality. Cuba will never yield to threats, however, and will survive regardless, because it will emerge from the crisis, but not from the dishonor of living on its knees. Cuba will continue its movement, change, and development, and our economy, even though blocked, will grow and resolve our people's most urgent needs. To the powerful infrastructure, raised during three

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decades with what others call a subsidy that Cuba wasted, is a people with levels of education and culture and a stable, quiet, and orderly country, whose leadership combines a blend of experience and youth and is sustained by the broadest referendum and a democratic consensus few governments have enjoyed.

These changes Cuba has carried out and will continue to carry out in this manner are not limited to our economy only but also to our political system, to our civil society, and to our institutions in order to make our democracy ever increasingly genuine and participative. They are changes under an absolutely sovereign prerogative, never to satisfy anyone abroad, much less in the sense of those who transformed themselves so much that they became unrecognizable.

Day after day, minute after minute, Cuba strives to excel, to adapt, and to survive in this world jungle, where the law of the strongest prevails as never before. The lion can devour the deer, but it can hardly eat the sea urchin; therefore, the United Nations must also change and democratize itself in order to become the veritable vehicle of development and peace humanity needs to survive, to become this forum of dialogue and harmony in which the principle of the sovereign equality of the states will be the basis and cornerstone.

Many have talked and many will talk about the celebration of the merits and works of the United Nations, which nobody and no one can negate. On behalf of my country today, I would rather remember than celebrate and demand of this august assembly, 50 years later, a big veto of irrationality and a unanimous vote for the future of humankind. Thank you very much. [applause]

Robaina Meets With Spain's Solana on Pact With EU

BR2609153895 Madrid EFE in Spanish 0924 GMT 26 Sep 95

[Unattributed report: "Robaina Opposes Preconditions for Cooperation Agreement"]

[FBIS Translated Text] Madrid, 26 Sep (EFE) — Cuban Foreign Minister Roberto Robaina has said there are no preconditions for a cooperation agreement between Cuba and the EU although he emphasized the importance his country attaches to a possible agreement.

Independently of the UN General Assembly, last Monday Robaina met his Spanish counterpart [Foreign Minister] Javier Solana, who is the current president of the EU's Council of Foreign Ministers, which is to decide next Monday [2 October] whether or not to give the go-ahead to preliminary conversations with a view to signing an agreement.

Following his interview with Solana, a group of journalists asked Robaina how Cuba would respond to the European requests concerning political change or an amnesty for imprisoned dissidents, to which he replied that "I believe we are going to initiate a stage of dialogue and mutual respect, and neither of the two sides should be setting any prerequisites."

Robaina underlined the need for Europeans to understand the real situation in Cuba, because "it is not fair that they should be assessing us without knowing everything we do."

At the same time he believed an agreement with the EU would "show where rationality, reason, intelligence, and civilization lie" as opposed to U.S. attempts to strengthen the embargo which was imposed on the island over 30 years ago.

He recalled that most EU countries maintained relations with Cuba, which through an agreement "could become closer and easier, and thus the difficult period we Cubans are going through would be much less painful for us."

For his part Solana confirmed that an agreement between the EU and Cuba "must be linked to political and economic changes in Cuba."

The Spanish minister, who in a previous interview with the press referred to a possible amnesty for imprisoned dissidents in Cuba, said that in his meeting with Robaina he had "found responsiveness" but, although he seemed optimistic about the prospect of reaching an agreement, he refused to give any more details about what either side was prepared to offer.

Solana confirmed that "there are no reasons why such a relationship should not exist," and he mentioned that most EU member countries maintained relations with Cuba.

With regard to the draft bill approved last week by the U.S. Chamber of Deputies to strengthen the embargo, Robaina said "it would be very difficult to make the embargo on Cuba even tougher," and he described the embargo as "an obstinate exercise not only against Cuba but against humanity."

For his part the Cuban foreign minister praised Spain and other EU countries' "courage" in maintaining relations with Cuba.

"In my view, Spain dared when few did. Cuba is grateful for this position, respects it, and is somehow committed to reciprocate it," he stated.

Robaina stressed that "the respectful manner" in which the Spanish Government had explained its differences

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with the Cuban Government "is what enables us to find some common ground on which to move forward."

In a message to Spanish and other foreign investors in Cuba, Robaina stressed the flexibility and scope of the new investments bill passed in his country, and he stated that "Cuba is still a special island for those who dare."

Economy Minister Outlines Growth Measures

MS2609135795 London FINANCIAL TIMES (CUBA SUPPLEMENT) in English 26 Sep 95 p 3

[Report on interview with Economy and Planning Minister Jose Luis Rodriguez by Stephen Fidler; place and date not given: "Budget deficit Cut More than 70 Percent"]

[FBIS Transcribed Text] The official figures say the Cuban economy has hit bottom. The streets of the capital, busier than they were a year ago, suggest they are telling the truth.

The economic free fall that started in 1989 appears to have been arrested. While the weakness of the Cuban economy was evident throughout the 1980s, the end of favourable trade and aid arrangements with the Soviet Union prompted the collapse. In the 1990s, the Cuban economy has shrunk by anywhere between the official estimate of 38 per cent, and a half.

Nobody is claiming that economic activity is set to take off. The government says growth was 0.7 per cent last year, and picked up to an annualised 2 per cent in the first half of this year, a rate also forecast for the second half.

Jose Luis Rodriguez, the economy and planning minister also responsible for finance, says this year's growth is attributable to intermediate goods, productive services and consumption in hard currency. There has been no important recovery either in goods of mass consumption or in exports, with the exception of nickel.

This modest expansion — which excludes newly permitted self-employment in which 200,000 people are officially estimated to work — has occurred following measures aimed at cutting a gaping budget deficit and at shrinking money supply, in a bid to reduce inflation and restore value to the Cuban peso.

Officials say they have cut the country's budget deficit from 33 per cent of GDP in 1993 and 7 to 8 per cent in 1994. This year's budget deficit, says Mr Rodriguez, will be below its 1bn peso target (equivalent to around 5 per cent of GDP).

To have cut the budget so drastically and to have maintained stability in the country is "almost a miracle", says the president of Cuba's National Bank, Francisco Soberon.

The budget cuts have been achieved in part by a drastic reduction in subsidies, the minister says. Non-agricultural subsidies have been running this year at 15 to 20 per cent of last year's levels.

The government has also taken steps to reduce the excess supply of domestic currency. This monetary overhang has been cut, says Mr Rodriguez, to 9.1bn pesos from close to 12bn 15 months ago through measures such as price rises for goods such as tobacco, rum, transport, electricity, water and communications.

These measures have not only reduced excess supply of money but concentrated liquidity in the hands of those less likely to spend it, reducing the weight of the overhang on prices, say officials.

This, along with other measures such as the opening of agricultural markets in pesos, has helped reduce inflation in pesos and encourage some recovery of the value of the peso against the dollar in the informal market. Compared with rates of as low as 120 to 150 to the dollar in 1994, the peso has recovered to around 25 today. Earlier this month, that rate fell momentarily below 10 to the dollar, but why this occurred in a thin market that is easy to manipulate is hard to ascertain.

The exchange rate recovery seems likely to have been helped by a growth in the supply of foreign exchange. Officials say they estimate 44 per cent of the population now has access to foreign exchange, compared with 21 per cent in 1994.

A growing tourist trade and foreign investment may have helped. The legalisation of the dollar means that more workers are getting partly paid in hard currency — an estimated 117,000 — while the government calculates some $30m a year is received in tips. Some economists believe that remittances from Cubans overseas may also have climbed back close to the levels before the U.S. embargo was tightened in August last year. These estimates usually suggest annual remittances of between $300m and $500m. Furthermore, Mr Rodriguez says, dollars that Cubans had put aside may be finding their way into circulation.

The improvement of the informal exchange rate is of more than symbolic value for the government. For the majority of the population with no access to hard currency, a strong peso gives access to the dollar shops which are the only source of some consumer items. It also furthers the aim of establishing the full convertibility of the peso.

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This, says Mr Rodriguez, is still some time away. It requires a build-up in monetary reserves which is not close to being achieved, and the economy needs to build momentum, showing growth of more than 5 per cent a year. However there are intermediate steps towards this aim which may be taken sooner.

Once the government feels the time is right, and possibly over the next year, it is likely to withdraw dollars from circulation and replace them with a convertible peso, which is already circulating side-by-side with the dollar at a one-to-one exchange rate. In order to maintain confidence in the convertible peso, the government issues the notes with full backing in dollars. Mr Rodriguez says "it would be very dangerous" if confidence were lost in this convertible peso.

Another move aimed at increasing confidence is the offering of hard currency bank accounts paying interest at roughly market rates, between one and four per cent. These accounts should provide the means through which "Cubans could invest in their economy using real resources," says Mr Rodriguez.

However, further away is a devaluation of the official peso, the rate at which dollars are converted into local currency for foreign investors. The minister says it is not clear that this would have the benefit of stimulating exports that would occur in a full market economy. It is also clear, he says, from Russia and other examples, that devaluations are not a solution in themselves and can be destabilising.

BNC President on Opening of Foreign Banks

MS2609133895 London FINANCIAL TIMES (CUBA SUPPLEMENT) in English 26 Sep 95 p 3

[Report on interview with Banco Nacional de Cuba President Francisco Soberon by Pascal Fletcher; place and date not given: "Thin Edge of the Wedge"]

[FBIS Transcribed Text] The appearance in Havana of offices of foreign banks is the most visible sign that change is afoot. Since the nationalisations that followed the 1959 revolution, Cuba's banking sector has been kept a national preserve.

True, the eight foreign bank offices authorised over the last 18 months are representative offices only, not full branches. For the moment at least, banking remains in Cuban hands, and senior officials say this is not likely to change in the immediate future.

The existing Cuban banking system was weak, argues Francisco Soberon, the new president of the Banco Nacional de Cuba (BNC), appointed in a cabinet reshuffle in January. Letting foreign banks in at this stage would mean they would be competing for a share of scarce hard currency.

But the same opening in Cuba's economy that has brought foreign bank representations to the island, is also bringing reform to the national banking sector, which for years served the state-run economy under rigid five-year plans agreed with former Comecon trading partners.

Mr Soberon says the arrival of foreign private investors, decentralisation of foreign trade and growth of non-state economic activity, such as self—employed workers and autonomous farm co-operatives, has increased the need for decentralised, flexible banking.

A reform project being discussed proposes to start with the central bank, which under the old central planning has also acted as a commercial bank and a supplier of credit to state companies.

The idea is to transform the BNC into a specialised central bank whose role would be to propose and implement monetary policy, issue national currency and supervise the banking system. Commercial and corporate credit activities would be spread to other new institutions.

"We have to develop a non-state financial services sector," Mr Soberon says. The plans include creating a new Cuban investment bank and licencing a Cuban financial company to help firms with short-term operations.

Corporate business may also be conducted in the future by another existing state bank, the Banco Popular de Ahorro (BPA), whose 500 branches have up to now served the public by offering peso saving accounts, loans to individuals and facilities to pay bills and taxes.

Mr Soberon says another priority was to introduce high-tech computerisation into the Cuban banking system, with the target of linking up the whole island within two years.

In one new service introduced this month, BNC and BPA branches began offering interest-bearing savings and deposit accounts in hard currency and Cuban "convertible" pesos, the internal parallel hard currency peso introduced this year. Its value is fixed at 1:1 to the U.S. dollar.

The authorities have also opened the first two of what is intended to be a network of bureaux de change. These will initially only carry out transactions in hard currencies or Cuban convertible pesos, as well as cashing travellers' cheques and processing credit card withdrawals.

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As with all of Cuba's current economic reforms, caution is the watchword. Mr Soberon says he has been inundated with advice on how to proceed with the reforms from central bankers and private bankers from many countries.

"We have more offers of expertise than of money," he says, referring to the financial squeeze suffered by Cuba since the collapse of the former Soviet bloc. The continuing U.S. embargo policy on Cuba has blocked its access to funds from organisations like the International Monetary Fund and the World Bank.

Mr Soberon plays down recent speculation over reported fresh moves to re-negotiate Cuba's $8.6bn convertible currency debt, saying a letter sent to Paris Club creditors at the end of last year was an annual procedural formality to maintain contact. He declined to comment further on the debt deadlock, which has existed since talks with the Paris Club stalled in 1986.

"We understand that it is a problem. We understand that we have to tackle it. But the creditors will also have to be realistic and understand what our position is," the central bank chief says.

Nonetheless, some banking visitors to Cuba this year have expressed cautious optimism about prospects to renegotiate. They point to recent bilateral debt settlements made by Cuba with Mexico and Brazil, either through debt-equity swaps or trade-linked payment mechanisms.

The banks which have opened representative offices in Cuba, have followed corporate clients already doing business with the island. Some of these banks have also participated in financing operations for strategic Cuban export sectors like sugar and nickel.

They are confident the island's banking and financial sector will open up further.

Early opportunities could come from a Cuban project to set up free trade and export manufacturing zones, which will include the possibility of offshore banking facilities.

Seminar Held on Foreign Currency Transactions

PA2509023595 Havana Radio Rebelde Network in Spanish 1700 GMT 22 Sep 95

[Report by Fernando Sanchez; from the "National Radio News" newscast]

[FBIS Translated Text] [Announcer Cesar Arredondo] As part of the process being carried out in this country to restructure domestic transactions using foreign currency, a seminar was held in Ciego de Avila Province with store inspectors from the five central provinces. Fernando Sanchez has filed the following report:

[Begin Sanchez recording] The meeting was presided over by Domestic Trade Minister Barbara Castillo, who insisted that the inspectors of the organization have been endowed with the highest authority to control every organization that freely uses convertible currency. Checks on these organizations can be conducted, she said, on everything ranging from permits to open a store to the prices they charge for their products. Castillo said this procedure will help make law and order prevail in the country. [end recording]

[Arredondo] The use of freely convertible currency [words indistinct] in some measure so that we do not lose sight of something vital. This country is a country of good people, of revolutionary comrades, a wonderful people, but it is not a country of corrupt people. We are unwittingly encouraging practices that lead to corruption, when this duty or role is not performed as it should be. We cannot allow that.

Minister Defines New Foreign Investment Law

PA2509023495 Havana PRENSA LATINA in Spanish 0852 GMT 22 Sep 95

[FBIS Translated Text] Havana, 22 Sep (PL) — Ernesto Melendez, Cuba's minister of foreign investment and economic cooperation, has said that the new law offers expeditious answers and precise procedures to foreign investors.

In an interview granted to PRENSA LATINA, which the magazine CUBA INTERNACIONAL will publish in its entirety, Melendez says the law clearly defines the participants, bases, and maximum deadlines — one of 60 days to answer investment proposals; another, of 30 days, once the proposal has been approved — for investments to be recorded in the corresponding registry.

The characteristics of this law, which the national parliament approved on 5 September, are that it is direct and clear, the minister said. The law spotlights the advantages of investing in Cuba, the mutual benefits such an action will leave, but without cheating anyone, he said.

The policies and measures the island has implemented to make its economy more efficient are geared toward furthering the feasibility of its model of social justice on the new international scene by diversifying the property system.

"We do not offer our foreign partners a country that is shifting to capitalism," said the minister of foreign investment and economic cooperation. "We have designed

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a promotion program to attract the investors we need to develop and to create thousands of jobs," he said, adding that this program has to counter all the muscle of those who threaten, intimidate, pressure, and try to discourage those wanting to invest in Cuba.

Asked about the results authorities expect from this law, Melendez said the law will not lead to an uncontrolled opening but will follow a program to attract investments to the sectors the government has earmarked.

With the promulgation of Decree Law No. 50, the government decided, in 1982, to open a space for foreign investment, but the first associations with foreign assets were not extended to the tourism sector until 1988. The associations were to build hotels in Varadero, the most famous of the Cuban bathing resorts, 140 km east of Havana.

Melendez said 212 associations had been constituted by 31 May 1995 and that more than 300 new projects were in the negotiation phase. Such projects have, to date, an agreed financial apportion of $2.1 billion.

Melendez attributed the six-year delay in accepting investments to the fact that in 1982 the price of sugar was twice its current price. Cuba, he added, "had all its main supplies guaranteed for the entire five-year period, and we received credits from the international banking sector."

"We had an economic cooperation agreement with guaranteed credits of more than $4 billion, thanks to our relations with the countries of the former socialist bloc."

The minister said that unlike Decree Law No. 50, the new law does not establish a limit to the participation of the foreign partner, and in regards to this issue, the two parties are to reach agreement on the most appropriate percentage.

The recently approved law includes, for the first time ever, the option to invest in real estate, and also authorizes the operation of duty-free zones and industrial parks. The latter models will require a specific legislative proposal and — the top level official said — they are working on this point.

As regards how this law compares to similar laws in other countries, Melendez said the Cuban law offers "guarantees of nonexpropriation — except for national interests and with due compensation — and full protection of the investment."

Among other assurances, the law also includes "the option to sell at any time, protection against lawsuits in Cuban courts that are in keeping with the law, and the unrestrained transfer of profits and capital assets abroad."

Industries Minister on Labor Chapter

PA2209184995 Havana Radio Havana Cuba in Spanish 0000 GMT 21 Sep 95

[Report by Barbara Betancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] In view of the undeniably good reception that the Foreign Investment Law, recently approved by the Cuban Parliament, has had in the world, there are people who cannot stand the idea of finding new ways to overcome the crisis of the past few years. They are devoting themselves to misinterpreting articles of the law in order to discourage potential investors.

They are attacking, for example, the chapter dedicated to labor, especially that which has to do with the Employment Entity [Entidad Empleadora], described as the Cuban enterprise responsible for supplying the labor force needed in any of the sectors in which investments can be made in Cuba.

This means that independent hiring of personnel will be permitted only on an exceptional basis.

The people to which we have referred are presenting this norm as an obstacle to investors and as a violation of the Cuban workers' rights to earn their salaries in foreign exchange.

Basic Industries Minister Marcos Portal participated in the discussion of this issue and explained in detail how the Employment Entity has functioned in the joint ventures his ministry has created with foreign firms.

[Begin Portal recording] We decided this is a useful mechanism and this is why we proposed that this procedure be applied in high-risk joint ventures that involve prospecting for oil and minerals, which is where we have experience.

Our partners, those who are coming to the country, understand this Employment Entity mechanism because we have been explaining to them the reasons why we have no independent hiring in the country. There are no conditions for independent hiring in the country at this moment. We do not hide anything from our partners. We clearly explain to them that the Cuban workers, who are paid their salaries in pesos, have benefits that they, our people, sometimes do not see clearly and this should be made perfectly clear because enemy propaganda is flooding the country with reports that here engineers, technicians, teachers, doctors, workers earn the equivalent of $4 or $5.

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How do our workers and bosses pay their electricity bills? With Cuban pesos. The country has to spend $300 million in fuel on electricity. The average salary of the Cuban family is 12 Cuban pesos. The liter of milk that Cuban children up to the age of seven receive, costs twenty-five Cuban centavos. In connection with this, the Cuban peso is worth much more than the dollar. In Venezuela, for example, the liter of milk costs more than half-a-dollar. In many parts of the world, a liter of milk costs $1. This is true.

Our salary has purchasing power. The pound of rice costs twenty- five centavos. The pound of beans, one kilogram of beans, costs fifty or sixty centavos.

Realize that we use Cuban pesos to pay for what we buy for our house, our home, including fuel, when we have it, because it is scarce.

You cannot divide your monthly salary, be it 200 or 180 pesos, by 30 or 25 and say you make $4 or $10 a month. [as heard]

This is something enemy propaganda insists on doing and it is creating much confusion. I have not mentioned health or education. We may have a son in the university or elsewhere, and all that is free. This is part of the real salary our workers attain.

We cannot let anyone come here and pay our workers a miserable salary, even if it is in dollars, and say: I am going to pay you $150. This sounds like a lot and workers may be staggered, but we will not permit that. The average salary of the Moa workers, for example, is $780. This year they provided, in salaries, $22 million. This pays for half the amount of milk the children of Cuba drink. [end recording]

By saying this, Minister Portal meant that the existence of the Cuban enterprise that collects dollars the country needs and that guarantees the salary of the workers in Cuban currency is fully justified.

[Begin Portal recording] For the workers of these organizations, our government has approved a modest incentive, in foreign exchange.

We have adjusted salaries and pay them in Cuban pesos. In the cases of nickel and oil these adjustments were made some time ago. We have to protect ourselves. We say that the Employment Entity protects the country and the country's workers, not only those of the Employment Entity. It serves to have the wealth of these entities — which is not so big, but that nevertheless is significant for these enterprises — go to the state, to the government, to be redistributed among all the people. [end recording]

Portal said there is another reason for defending the existence of the Employment Entity, a plainly political reason.

[Begin Portal recording] The Employment Entity is associated with industries and sectors where joint ventures function. This is how we view it and how the companeros from the Transport Ministry, the cement industry, etc., view it. The Employment Entity provides workers qualified to work in a particular industry to joint ventures operating in that particular industry.

When the Employment Entity provides two mechanics to a joint venture, these are not just any mechanics, they are mechanics who in the opinion of the Communist Party, the labor union, the Communist Youth, and the manager are persons who have the merits, qualification, and experience to go to a joint venture. Politically speaking this is very important. Is any biased privilege being granted here? If we do this right, biased privileges will be eliminated.

Companeros, the Cuban workers are protected by a disposition according to which when someone ceases to be needed by a joint venture that person will be reassigned. This is very important. As you know, our foreign relations are subjected to the market law. Let's suppose the price of nickel drops. This means we would have to reduce nickel production costs and salaries represent significant weight. The first thing to be done by a joint venture, where we own half of the enterprise and the other side the other half, is to reduce salary expenditures, which are high. I have already told you this. They are high. This means we may have to lay off 300, 400, or 500 workers and drop expenditures. Where would we place these workers?

The Employment Entity would place its workers in the nickel industry, or pay subsidies, or place them elsewhere, or train the workers more, so that as soon as a new need arises, the workers are there ready to work. This is the mechanism we are talking about.

If a companero or boss behaves without discipline in a joint venture and is sent to the Employment Entity, he will be expelled and will have to explain to the people who recommended him what happened. [end recording]

Marcos Portal explained there is the possibility of a joint venture being also an Employment Entity.

[Begin Portal recording] I think this will give confidence to a foreign partner because such an entity would be in command within the enterprise. There are regulations at joint ventures, but they must also abide by the laws of this country. It must have a labor contract. The bosses there make decisions, they dismiss and hire, and there is a union there too, and there are also party members

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and members of the youth. In other words, this is a third aspect. One is not satisfied when one said that the labor laws are there, because joint ventures have a duty to fulfill. They also have their regulations, agreements, and union, as well as members of the party and the youth.

A capitalist demands security [words indistinct] and feels happy with the Employment Entity because it is not in every country where he can count with an organization in charge of making selections, purges, and all that. An organization that will assume the responsibility when there are surplus personnel and relocates them. When this is clearly explained, the partner will understand it. [end recording]

Portal on Energy Sector; Lage on Economy Strength

PA2509132595 Havana PRENSA LATINA in Spanish 1133 GMT 24 Sep 95

[By Javier Rodriguez]

[FBIS Translated Text] Havana, 24 Sep (PL) — Despite a shortage of funds caused by the current economic crisis, Cuba continues to invest in its national thermoelectric plants, managing to make some plants operational and repair others.

The strategy of the energy producing sector and domestic gas service in Cuba, amid the complex situation Cuba is enduring, was explained by Basic Industry Minister Marcos Portal Leon at a recent meeting of the presidents of the People's Government Municipal Assemblies (mayors).

What is certain is that the Cuban leaders decided to continue the same strategy as regards this issue. Despite certain limitations, this has allowed Cuba to keep these installations, which are vital to the economy and the needs of the population, in operation.

Cuba already generates 30 percent of its energy using its own crude oil, thanks to the intensification of oil exploration and exploitation in its territory by its state-owned companies or in association with foreign investors.

During the meeting, upon analyzing the sensitive issue regarding the supply of domestic crude oil, another interesting fact arose on the situation that prevailed before 1959, date on which the revolutionary movement led by Fidel Castro took power.

On that date, 52 percent of all consumers used firewood and charcoal to prepare food, and that percentage fell drastically, until it reached only 0.2 percent in 1989.

Portal's report, discussed by those who were present, included figures on an increase in gasoline production in Cuba and an increase in the people's consumption of manufactured gas distributed through underground pipelines. All of this, however, is still inadequate, because of the growing demand.

Although he warned that there was no room for excessive enthusiasm, Vice President Carlos Lage emphasized that the Cuban economy was showing signs of a recovery, and that hard work is being put into improving the sugarcane harvest in 1996.

Lage stressed that the national currency was strengthened as a consequence of the onset of an overhaul of finances, and he affirmed that Cuba is taking a path that will lead it toward solutions to its problems, especially those affecting people's daily lives.

Lage commented on the importance of keeping Cuba's financial commitments, which he deems correct, because it offers the possibility of working under better conditions to reverse negative tendencies.

Lage emphasized that the Cuban people have earned this possibility through their determination to resist and their unity as regards the revolution. In addition, Lage requested that no new expenses be accepted, to achieve the needed stability in the financial sphere.

The analysis conducted by high-ranking Cuban officials and the other people attending the meeting, excluded the possibility of large advances in the areas of energy production and supply of domestic gas, without abandoning the many efforts to detect and eliminate existing faults.

One comment seemed to sum up the situation: Great solutions will always be associated with the recovery of the economy and the highest level of efficiency reached.

Workers Federation Urges People To Conserve Fuel

PA2709014895 Havana PRENSA LATINA in Spanish 1809 GMT 25 Sep 95

[FBIS Translated Text] Havana, 25 Sep (PL) — The Cuban Workers Federation urged the people today to conserve fuel in order to end the current "trend of consuming energy at an equal or higher pace as that of the economic recovery."

That cost could "devour predictable increases in the GNP and the expected productive recovery of the sugar industry and other sectors," TRABAJADORES states in its regular Monday editorial.

Cuba has recently experienced an economic crisis triggered by the sudden loss of its leading commercial partners, the former socialist East European nations, which

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supplied most of the hydrocarbons, and the intensifying of the U.S. blockade.

The mouthpiece of the local union argues that to solidify the current signs of economic recovery, with a growth rate of 2 percent in the first half of 1995, Cuba must improve its energy intensity rate (the ratio between physical fuel consumption and the value of production).

In addition to the problem of an increase in that indicator, TRABAJADORES adds, there is a current increase in the prices of imported crude and a lack of convertible foreign exchange, factors which force the country to use loans payable in the short term with interests higher than the usual ones in the financial markets.

TRABAJADORES states, however "we would have a smaller fuel cost per ton of sugar produced" if there is a more efficient harvest, with a high production at the mills and higher yields in the coming season.

Among the possible solutions, the newspaper mentions a better utilization of electricity capabilities at sugar mills by increasing the number of those units that contribute, rather than consume, the most to the national electricity system.

Thus, it points out, the sugar agroindustry, which used 18 percent of the fuel and lubricants used by the nation during the first half, would join the progress observed in the nickel, steel, fishing, and food industries.

It notes that in a large part of the rest of the economic sectors, this rate has suffered due to, among other reasons, "a lack of correlation between the open productive capabilities and the real [words indistinct]."

The need for a strong action to counter this situation could be better understood if it is considered the nation used approximately 40 percent of its reduced foreign commercial capability to purchase hydrocrabons in the past years. This percentage represents a cost of approximately $800 million annually, the article states.

Government To Boost Agricultural Program

PA2509023295 Havana PRENSA LATINA in Spanish 1200 GMT 24 Sep 95

[By Javier Rodriguez]

[FBIS Translated Text] Havana, 24 Sep (PL) — The Cuban Government is furthering a program to get more people involved in agriculture, as this will help boost the country's economic recovery and decrease the exodus of people from rural areas to urban centers.

During the recent three-day meeting of the People's Government Municipal Assembly (mayors) in Havana — which chief of state Fidel Castro attended — it was reported that additional resources have been allocated for improving life in the rural areas.

At this meeting, officials also said increasing the nation's agricultural production — especially sugar, which is our primary national industry — is tremendously important to the country, affected by the U.S. blockade for more than 30 years and by the disappearance of socialism in the East European countries.

The chief of state himself announced to the local leaders that Cuba is planning to increase cement production to 300,000 tons next year. The cement will be used, preferably, to build approximately 50,000 low-cost houses in the rural areas.

The issue was broadly debated at the meeting, and many officials participated in the discussions. Fidel Castro wanted to know whether the materials necessary to make those houses and to finish the ones already started were in stock or had to be acquired. He said it was indispensable to stabilize the agricultural sector and to stop people from moving to Havana.

Along the same lines, Education Minister Luis Ignacio Gomez reported on the progress of the placement of university-graduate professionals. More than 1,000 of these, from the latest graduating class, are already working in UBPC's [Basic Cooperative Production Units], agricultural production cooperatives, state farms, and special contingents of permanent labor in agricultural and livestock activities.

A drive to get families who left rural areas to return to them or to accept government-owned land so as to put it back into production has been going on for some time. At the meeting, it was reported that 13,000 people have already been placed in mountainous areas, or are growing tobacco.

After a report by Labor Minister Salvador Valdes, attendees explained their experiences in their own provinces and assessed, even through self-criticism, the effort to incorporate workers into the sugar industry, which is regarded as vital in overcoming the present economic crisis.

Vice President Carlos Lage described the incorporation of all available workers into agriculture as the most important objective in the process of reorganizing the labor force — apart from other solutions that may be applied in these instances.

The first stage of the reorganization of the government apparatus — and, therefore, the relocation of a certain number of those who serve this apparatus — is in progress and will continue for some time.

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Valdes said, however, that everything is being done gradually, in an orderly manner, and avoiding traumatic situations, yet taking into consideration the importance of applying these measures to lowering the budget deficit, seeking greater administrative efficiency, and increasing production in strategic areas.

In addition, and according to a report presented during the discussion of the matter, 330,000 people have requested self-employment permits, and nearly 200,000 of these are already engaged in this activity throughout Cuba.

The forum of municipal officials agreed on the need for effective control of this activity by guaranteeing that the corresponding legislation is complied with and avoiding illegal practices, which have already been detected and even penalized in certain instances.

Roundup of Cuban Economic Developments

PA2709015095

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 26 September.

Thus far, the available agricultural equipment has not been enough to increase the amount of land ready for planting. Only 453 caballerias of land in Sancti Spiritus Province, 66 percent of the province's goal, has been planted. (Havana Radio Rebelde Network in Spanish 1700 GMT 19 Sep 95)

According to a 21 September, Havana-datelined report, Cuba expects to increase its tobacco production to 100 million pieces in order to satisfy demand abroad. A 30 percent increase in production has been observed thanks to investments made primarily by European firms. The Spanish firm Tabacalera Espanola Inc., has contributed with $25 million out of the $38 million used in this sector. In addition, 17 hectares of land had been assigned. (Havana PRENSA LATINA in Spanish 0829 GMT 21 Sep 95)

The 26 July Cement Plant in Camaguey increased its export production by 4,000 tons over the same period in 1994, when 121,931 tons were produced. Its commercialization is handled by a mixed Cuban-Mexican firm. (Havana Radio Rebelde Network in Spanish 1700 GMT 22 Sep 95)

According to a 22 September, Havana-datelined report, a cigar auction held at the Melia-Cohiba Hotel in Havana collected $107,700. The money will be used to improve medical services at a Cienfuegos hospital. (Havana PRENSA LATINA in Spanish 1834 GMT 22 Sep 95)

In Guantanamo Province, 1,250 workers of the 26 July Contingent will weed 340 caballerias of sugarcane fields. The operation is expected to end by 10 October. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 23 Sep 95)

More than 400,000 quintals of rice have been harvested this year in Sancti Spiritus Province. The goal is to harvest 1.1 million quintals in order to decrease imports of the cereal and to double production next year. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 23 Sep 95)

Cable TV Channel To Begin Broadcasting in Mar

FL2209161195 Bridgetown CANA in English 1455 GMT 22 Sep 95

[FBIS Transcribed Text] Havana, Cuba, Sept. 22, CANA - A cable TV channel which will telecast from Cuba 24 hours a day to the United States and Latin America will start operating in March, 1996, Cuban Government officials report.

With the name of "Multimedia Caribe", the channel will telecast, in Spanish, dramatic, musical, sports and information programmes.

Its signal will reach as far as Argentina, the people behind the project say.

The starting up of this channel is the result of an agreement signed in Havana between Publicidad of Spain and the Cuban firm "TV Comerical".

Lage Addresses World Scholars Meeting in Havana

PA2509023895 Havana Radio Rebelde Network in Spanish 1700 GMT 23 Sep 95

[Report by Gisela Berederia; from the "National Radio News" newscast]

[FBIS Translated Text] In a thorough examination of the important role of Marxism in the historical development of our times, Politburo member Carlos Lage Davila has said Marxism did not end with the collapse of the socialist system. If anything, it was reaffirmed and has not been extinguished — he has said — because it gave a correct scientific explanation of the world that was closest to reality and that had never before entered man's mind. In addition, Lage has said we should therefore reconsider this theory over and over again. He further emphasized the extraordinary courage of the creators of Marxism, and the realities faced by its adversaries.

Two round tables, numerous reports, special speeches, and a wonderful conference comprised the proceedings of the meeting of scholars from Canada, the United

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States, France, Germany, the UK, Mexico, and Peru at Havana's Capitol Center.

Moreover, at the closing session, Talia Fung, president of the Cuban Society of Philosophic Research [Sociedad Cubana de Investigaciones Filosoficas], commented on the caliber of the works presented by foreign and Cuban scholars from Guantanamo, Villa Clara, Santiago de Cuba, and Holguin Provinces. Politburo members Jose Ramon Machado Ventura and Maria de los Angeles Garcia and Culture Minister Armando Hart Davalos also attended the closing ceremony. Angela Davis — who is known for her solidarity with our country — and other members of the U.S.-Cuba medical project are in Cuba and attended the closing ceremony of the International Conference on the Validity of Classic Marxism on the 100th anniversary of the death of Friedrich Engels.

Haiti

Former Police Chief Sentenced to Hard Labor

PA2609224695 Port-au-Prince Radio Metropole in French 1045 GMT 26 Sep 95

[From the "Morning" Newscast]

[FBIS Translated Text] The main headline this morning is the condemnation in his absence of the former chief of police of Port-au-Prince, [former Lieutenant Colonel Joseph] Michel Francois who is living in the Dominican Republic. He is sentenced to hard labor for life and confiscation of all his assets. Besides Michel Francois, 13 other persons were sentenced to the same punishment as authors and joint authors of crimes during the period of the coup d'etat.

The sentence was handed down yesterday by order of a civil court (?presided over) by Judge Roger Milord. Besides Michel Francois, former Captain Jackson Joanis was also sentenced as well as Louis Jodel Chamblain, second in command of the Revolutionary Front for the Promotion and Progress of Haiti. Listen to the explanations of Judge Milord who was questioned by Rotschild Francois, Junior.

[Begin Milord recording] We have, that is the public prosecutor and I have followed the provisions of the criminal investigation code for this procedure [words indistinct] that is, there were enough charges, there is a deadline, the court has deemed it good to push away this concession in view of Article 169 and 377 of the criminal investigation code and we decided, we decided... [pauses] They were all sentenced. Having been sentenced and, afterwards, as provided for by the law, the assets of these people tried in their absence will be impounded. The decision will be executed within three days at the behest of the state prosecutor. [end recording]

This was Judge Roger Milord on the sentence handed down yesterday by the court against the 13 [number as heard] people including the chief, the former chief of police of Port-au-Prince, Joseph Michel Francois who is now living in the Dominican Republic.

St. Lucia

U.S. 'Domestic Politics' May Affect Banana Market

FL2609165995 Bridgetown CANA in English 1547 GMT 26 Sep 95

[FBIS Transcribed Text] Castries, St. Lucia, Sept 26, CANA — Prime Minister John Compton has called on all banana producing Caribbean countries to remain "watchful and vigilant" in the wake of continued efforts to undermine and destroy the regional banana industry. Compton's statement was provoked by press reports of a planned sell-out by Geest Industries PLC to an Ecuadorean corporation.

Compton in his first comment on the issue said that despite denials from Geest that it was selling the whole or part of its banana business to the Norboa Corporation, Caribbean banana producers would need to keep a watchful eye on developments in the banana industry. "We in St. Lucia have not said anything as a government because we do not have the facts as to whether a sale of the Geest holdings is imminent," Compton said. He noted that the Windward had a contractual arrangement with Geest PLC and every effort will be made to ensure that the terms of the contract are honoured.

Compton said that any such deal with the Norboa Corporation would spell problems for Caribbean producers, as it remains one of the region's biggest competitors in Ecuador. "Ecuador has three million tons of bananas in surplus, while our total production in the Windward Islands is 250,000 tons," he said. "I would not say we can breathe a sigh of relief that Geest has denied that the sale is not on, but we must always be vigilant as far as the banana industry is concerned," he said.

Compton also said that Caribbean banana producers were feeling slightly relieved over the decision of the United States to take its fight against preferential arrangements to the World Trade Organisation rather than continue the threat of unilateral action. "They are still taking action against us but this is action of a different nature, something that we can defend," he said. "It will be multinationals dealing with that sort of threat, so we can mount a diplomatic offensive to resist it," Compton noted. The Prime Minister said it was clear that the United States was engaged purely in "domestic politics", as many of the banana producing companies in Central America were contributors to

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both the Republicans and Democrats. "With the U.S. elections coming up we see a similar situation to the fuss they made with the Japanese over the export of vehicles, it's really domestic politics, but it's the type of game that creates great apprehension among our farmers which they can ill afford," he said.

Compton said the Windward Islands were setting the stage for the restructuring of the industry and preparing to face the competition in Europe. He said potential donors to the restructuring plan as contained in the Cargill consultants report would meet in Dominica on Thursday, to be followed by a heads of government meeting of the Organisation of Eastern Caribbean States on Friday. "We can resist it this year and next year but the time will come when all the preferential arrangements will go, and unless the industry is efficient it will not survive, that's why we are pushing so much for its reorganisation," he added.

Meanwhile, the Vieux Fort General and Dock Workers Union said they are confused over reports of a planned sell-out of Geest PLC to an Ecuadorean Corporation. They have also expressed concern about the growing evidence of the Caribbean's inability to meet its quota system, occasioned by the destruction of the entire crop in Dominica. The union's General Secretary Modest Downes told CANA that while the union did not wish to raise unnecessary alarm and heighten tension among beneficiaries of this sector, "the lack of coherent and transparent policy on the future of the industry cannot be allowed to continue". The southern-based union said that having represented hundreds of workers for more than 40 years, it had noticed "the pathetic silence" of the local office of Geest Industries in the entire scenario.

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Government Disagrees With U.S. Judge's Ruling

PA2609150295 Mexico City XEW Television Network in Spanish 0430 GMT 26 Sep 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The Mexican Foreign Secretariat has announced via diplomatic channels that it has conveyed to the U.S. Government its profound concern and disagreement with this decision [Hedges's decision not to extradite Mario Ruiz Massieu]. It states that Hedges must still issue a ruling on another extradition request regarding the crime against the administration of justice, which might be a third opportunity for Mexico to obtain Ruiz Massieu's extradition.

The Attorney General's Office said that this ruling only affects the request regarding embezzlement charges, but not other charges, which are still pending a decision.

PRI Criticizes Government's Economic Policy

95P21078A Mexico City REFORMA in Spanish 20 Sep 95

[Received via Internet]

[FBIS Translated Text] During 19 September Congressional Lower House debates, the Institutional Revolutionary Party (PRI) delegation demanded changes in government economic and social policies needed to avoid greater impoverishment of Mexicans, according to a 20 September Mexico City REFORMA report (Internet edition).

Commenting on President Ernesto Zedillo's 1 September annual report to the nation, PRI Deputy Jose R. Castelazo said that the "structural crisis will not be resolved in the short term, owing to the enormous mistakes of almost 20 years of emphasizing economic policy over social policy."

PRI deputies also accused the National Action Party (PAN) of sharing responsibility with the government for the country's present situation. Deputy Oscar Levin Coppel said that during the administration of Carlos Salinas de Gortari the PAN boasted that the government was implementing the economic policy of the PAN, but when it was clear that the policy had failed, the PAN chose to act as if it knew nothing of its part in the policy. Now, Levin Coppel continued, the PAN is proposing an unworkable populist policy clearly aimed at helping the party in the 1997 elections.

Secretariat Authorizes Opening of Dresdner Bank

PA2609225495 Mexico City NOTIMEX in Spanish 1708 GMT 25 Sep 95

[FBIS Translated Text] Mexico City, 25 Sep (NOTIMEX) — The Mexican Finance Secretariat today authorized the establishment and operation of Dresdner Bank Mexico, the DIARIO OFICIAL published today. This institution will carry out multiple banking operations.

According to the report, the new firm will begin operating with a capital stock of $25 million and an exclusive net capital of more than $36 million.

Dresdner Bank Mexico, a branch of Dresdner Bank Canada, will establish its headquarters in Mexico City and will be nontransferable because of the nature of its business, the resolution stated.

The Finance Secretariat stipulated that this bank, for a period of three years, will neither transfer property nor conduct any operation preventing it from exercising the proprietary equity or corporate rights over its shares without previous authorization.

The Finance Secretariat also modified the authorization granted to the Serfin Financial Group to become and operate as a financial group.

The resolution stated that this financial group will be established with a regular capital stock of 662.27 million new pesos (approximately $100 million) and an additional capital stock of 264.9 million new pesos ($42 million).

Police Arrest Alleged Murderer of Cardinal Ocampo

PA2709014995 Mexico City NOTIMEX in Spanish 0924 GMT 25 Sep 95

[FBIS Translated Text] Mexico City, 25 Sep (NOTIMEX) — The Office of the Attorney General of the Republic (PGR) announced that the Federal District Judicial Police have captured Edgar Nicolas Mariscal, alias "El Negro," one of the alleged murderers of Cardinal Juan Jesus Posadas Ocampo.

The PGR stated in a communique on 24 September that according to the investigation and Mariscal's testimony before the Federal District Prosecutor's Office, Nicols Mariscal shot the prelate along with others at the Guadalajara Airport in Jalisco on 24 May 1993.

The alleged murder was captured near the general hospital in Zone Number 49 of the Mexican Social Security Institute [IMSS] in the city of Los Mochis,

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Sinaloa, while he was driving a truck with a license plate from Chihuahua State.

"El Negro" used a false driver's license under the name of Fernando Limon Rios issued by Sonora State's Finance and Transit Secretariat. On the back seat he had an Uzi 9mm submachine gun with a clip filled with 20 cartridges.

Nicolas Mariscal said he and "Gero Jaibo," who was murdered last year, squeezed their triggers at the cardinal when they confused his vehicle with that of drug trafficker Joaquin "El Chapo" Guzman Loera, which is of the same color.

The PGR stated that the suspect's declaration agrees with the PGR version, according to which the cardinal died when he was caught in the middle of the drug traffickers' crossfire.

The PGR stated that according to the testimony of Ulises and Javier Adan Mariscal Villegas, "El Negro" was one of the alleged murderers of Cardinal Posadas Ocampo.

Police found "El Negro" in Ejido 9 de Diciembre in Los Mochis, where he was seen a few days earlier driving in an orange truck with his wife, who works at the IMSS General Hospital in that city.

The PGR stated that Nicolas Mariscal has been charged with carrying illegal weapons and allegedly participating in the murder of Cardinal Posadas Ocampo.

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Guatemala

President Views Sanctions Proposal by U.S. Senators

PA2609224895 Guatemala City PRENSA LIBRE in Spanish 24 Sep 95 p 4

[FBIS Translated Text] President Ramiro De Leon Carpio said yesterday that if the U.S. Government supports the peace process, it should demonstrate its support and not impose economic sanctions, as Senators Christopher Dodd and Patrick Leahy have proposed to the U.S. Congress, something which would be disastrous for the country.

Senators Dodd and Leahy have proposed that any military or financial aid to the government or the rebels should be conditioned to the clarification of 33 acts of violence and the main human rights violations that took place during the past 20 years in Guatemala.

This type of initiative should not prosper when an irreversible peace process is under way. They are aware of the progress made on the subject of human rights and the efforts made to overcome this type of problem, De Leon Carpio said.

He added, however, the U.S. Government, as a free and independent nation, has the right to prevent anyone from entering that country, but that measure, as well as the others, are out of context.

Those measures are out of context; they are generalized and are not definite yet, because the U.S. Congress must approve them before they become laws, De Leon Carpio said.

He also said Guatemala could adopt similar measures but remarked that decisions should not be based on suspicions, as Senators Dodd and Leahy have done. In his opinion, he said they acted hastily.

*They should have acted after a judicial decision; they should have waited for the courts to prove beyond a doubt that someone has indeed violated human rights, but not based on generalized suspicion,*De Leon Carpio said.

Minister: Demobilized Forces Excluded From Police

PA2609140895 Guatemala City SIGLO VEINTIUNO in Spanish 23 Sep 95 p 3

[Report by Carlos Castanaza Rosales]

[FBIS Translated Text] Government Minister Carlos Enrique Reynoso Gil said yesterday that *the participation of demobilized personnel from the insurgency or from the Army in civilian security forces has not been considered because our case is not the same as El Salvador's, besides, Guatemala has enough civilians willing to render those services.*

He referred to the possibility of allowing the inclusion of 1,500 vacancies for [the National Police] and 2,100 for the Treasury Police from the ranks of those currently engaged in armed confrontation next year.

Government official negotiator Hector Rosada and Defense Minister Mario Enriquez have previously not ruled out the possibility of absorbing, in this manner, the demobilized, which is what occurred in El Salvador.

Despite this, Reynoso Gil reminded everyone that the country's insurgent force is not as large as the one demobilized in El Salvador, and what is needed is another type of aid not included in the present demobilization of Army or insurgency members. [sentence as published]

What is needed, he said, is to improve wages and conditions for current policemen plus the civilians that need to be added each year until at least double the number of policemen currently in operation.

He Also Rejected the Prompt Unification of the Police

The official also rejects for the time being the unification of the country's police forces — which would also involve the penitentiary police — until the institutions are reinforced from within and restructured according to hierarchy.

He admitted that limitations currently exist and even loss of credibility with operations such as the one that days ago involved Rosada's security personnel, but this does not lessen the good work of the Office of Police Responsibility to purge the institution.

Thus, there are 450 policemen, including those from the Treasury Police, under arrest for crimes that range from misdemeanors to murder, even though between 45 to 50 percent have resolved their legal situation.

Army: Let the Congress Decide

Colonel Guillermo Caal Davila, chief of the Army's Information and Press Department, said that it is up to the Legislative Branch to decide once agreements are reached that could include participation in civilian security.

To give an opinion would be to jump ahead of events, but if at a given moment support from the armed institution becomes necessary, they are willing to give it, but would prefer to do it in a specific manner.

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Panama

President Reports on Working Tour Abroad

PA2609122795 Panama City Radio and Television Networks in Spanish 2148 GMT 25 Sep 95

[Speech by President Ernesto Perez Balladares from the Legislative Palace in Panama City — live relay]

[FBIS Translated Text] Honorable legislators, fellow citizens: Although the Constitution does not demand it, I feel morally duty bound to give the Legislative Assembly and, through it, the nation a report on my working tour abroad. Although the media have covered them at length, my visits to five countries, their purposes and results, are the reason for my appearing before this grand chamber. I am here at the express invitation of all the legislative party factions.

First, I want to express my appreciation to Vice President Tomas Gabriel Altamirano Duque for his stint as president during the past three weeks. His actions demonstrate that the government has a sole objective and a single method to achieve it. Administrative matters were attended to promptly, and tours to the countryside were not interrupted. I fully endorse everything he did as president. [applause]

Of course, I do not intend to give a detailed explanation of each and every one of the meetings the Panamanian delegation held abroad; on the contrary, more than an account of my tour, I want to explain the purposes that originated it, the content of my meetings, and what I hope will be the final outcome of a trip that has been quite exhausting for all. Before the Assembly plenary, I want to highlight the participation of three Legislative Assembly members, because the exchanges they had with their counterparts in the countries visited contributed to the showing of the image of Panama that best conforms to reality; that is, it is a country with opposing political forces, but these forces are capable of overcoming differences when national interests are at stake.

The ninth meeting of the Rio Group chiefs of state was held in Quito, Ecuador, last 4 September. That meeting was the second one I attended as president, and the second one Panama attended after rejoining the group last year. On that occasion, the presidents of the Andean Group decided to include Panama in all instances of its deliberations. The general topics of the meeting were political, social, and economic aspects of Latin America. Before all the presidents of the Rio Group there, I proposed that one of the military bases that reverts to Panama, or at least part of it, be used for a continental effort against narcotrafficking and money laundering. I am convinced—and I expressed this point to President Clinton several hours later—that is a battle that cannot be waged by countries alone, not even by Latin American countries in joint operations, solely bilateral, with the United States. We can be successful only if all countries coordinate their actions; otherwise, no matter how big the sacrifices made by one or several countries, all of us will have lost the war in the long term.

The proposal I made to the Rio Group presidents was accepted, and they asked me to convey our concern to the President of the United States. That was, in fact, the first topic President Clinton and I broached. Later, we discussed bilateral topics, especially those dealing with trade and the transition of the Canal.

High-ranking U.S. Government officials received a detailed description of the following: the progress of the Canal transition; recent measures in the struggle against narcotrafficking and money laundering; proposals for the use of the reverted areas; and the steps taken in the path of economic modernization. It was agreed there to reactivate at the highest level the U.S.-Panama Bilateral Trade and Investment Commission.

President Clinton and I spoke of the need to make a transition, which we termed unapparent, of the administration and operation of the Canal and the manner in which to achieve it. He and his collaborators were given an explanation of Panama's objections to the reforms of the U.S. regulations that would leave thousands of Panamanian workers without indemnification. Likewise, he was made aware that just as we were pleased by a significant increase of Panamanian manpower in the Panama Canal Commission, until achieving 92 percent today, we were equally concerned that that percentage barely reached 50 percent in the levels of management and administration. So that there will be no significant change in personnel close to the time of the Canal transition, we also agreed all individuals who are going to continue working after the year 2000 must be in their posts in 1998.

Around the end of this first meeting, President Clinton broached the topic of the military bases and asked me if I would be willing to consider the possibility of a dialogue on a reduced U.S. presence in Panama once the Treaty expires. I answered that although it was true that all opinion polls indicated that a high percentage of Panamanians favored a U.S. military presence beyond the year 2000, one also had to read the feelings behind those figures. I do not believe Panamanians want a military presence, per se, or that they think it somehow guarantees the security of the nation; on the contrary, I believe the military bases are associated, whether it be unconsciously, with economic wellbeing, with

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job positions and generated income, which would be lost with the closure of the bases; that is, the U.S. military presence does not represent any benefit, nor is it perceived as essential for the country's security.

After this, I agreed to conduct what we called exploratory talks to determine whether the interests of both countries and potential benefits warrant a formal negotiation in light of such considerations. In other words, after an informal dialogue, each country will decide separately whether it is advisable to negotiate. If both consider it beneficial, a negotiation would be initiated. I must say I received assurances on the part of President Clinton that they propose to fulfill the Torrijos-Carter treaties. I reiterated to him that in Panama any agreement on this topic or on the topic of the bases should be submitted to a referendum, according to our Constitution. [applause]

Honorable legislators, therefore, at this time there are no negotiations of any kind underway nor will there be any negotiations that imply the renegotiation of the Torrijos-Carter treaties.

I would like to make it clear, in front of you and the entire country, that I have no reservations whatsoever about entering a discussion on this issue or any other for that matter. I am going to defend Panama's interests, and these cannot be defended by avoiding the issues or trying to conceal them behind uncompromising and chauvinistic attitudes. [applause] If I perceive during the talks that any negotiation on the presence of the U.S. military is not beneficial to Panama, I will immediately notify the people and the U.S. Government. In the opposite case, I will also voice my opinion, and it will ultimately be up to the people, through a referendum, to decide what our fate will be as an independent and sovereign country.

I will never tolerate attempts to corner me by turning to unsubstantiated arguments that I am betraying my principles, that of my party, or the memory of General Omar Torrijos. [applause] You can rest assured that if I had adamantly decided not to discuss the issue of military bases, those who accuse me today of lacking nationalism would have been the first to criticize me of being arrogant and not heeding the will of the people. [applause] Because I tend to back my positions with very solid arguments, I have no need to disrespectfully reject a dialogue as a way of avoiding this issue, which is so sensitive to the nation.

Later on, and following our meeting with President Clinton, we also met with the secretary of defense and discussed topics pertaining to the reversion of the military bases. We also met separately with the assistant secretary for international narcotics affairs, who praised the Panamanian Government's efforts in the direct struggle against drug trafficking and money laundering.

These meetings in the United States set the framework for the visit to Japan, where the main topic on the agenda was the future of the Canal and the reverted areas. As you are all well aware, Japan is the second main user of the Canal and participated, together with the United States and Panama, in a tripartite commission that evaluated options for the future of the Canal. Just as President Clinton had done, Japanese Prime Minister Tomiichi Murayama expressed interest in the final decision on the widening of the Panama Canal so that it can continue to serve the interest of international trade, as it currently does.

The prime minister's interest in the modernization of the Canal and Panamanian initiatives prior to the transfer of the Canal was so enthusiastic that he immediately offered to send several Japanese Government officials to contribute in organizing the Universal Congress of the Canal, which is scheduled to take place in our country in 1997. It also became necessary in Japan to encourage the private sector as well as the government so that both would decide to invest in projects in the reverted areas. Of course, such an endeavor will demand additional efforts from the private sector as well as the government if we expect those projects that already exist to materialize.

The important point was to provide guarantees that very clear rules of the game exist in Panama and that no one is going to demand payments under the table or bribes for them to become established here. In fact, some investors had already visited Panama during these past years, and payments and bribes had to be demanded from them as prerequisites to become established in the country. I assured them the only requirement they had to fulfill if they wanted to take advantage of the benefits offered by this country was to comply with our laws.

I assured those would-be investors that Panama is now a country for big businesses, but was no longer a country for big deals [negociados]. The Japanese authorities, attentive — as I already said — to the progress achieved in terms of the modernization of the Panama Canal, expressed their conviction that the only guarantee of an effective administration of the interoceanic waterway is to have a prosperous and democratic country. We spoke of the manner to achieve it and of how they can cooperate with us to do so.

This very year, Japan will send officials to study the modernization of Balboa Port. Also, the program of nonreimbursable cooperation to strengthen the nongovernment organizations, municipalities, and hospitals will be

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resumed. In addition, the donation of a laboratory for the School of Humanities of the University of Panama will be signed. Frankly, I emerged very satisfied from the meetings with the Japanese Government and private sector, because we agreed on the basic premises for any sustained development program, on the strengthening of education, facilitating Panama's access to the different mechanisms of trade exchange, such as the APEC [Asia-Pacific Economic Cooperation], the strengthening of bilateral trade, and promotion of studies about the future of the canal.

I insist on this and I insist on this proposal, because it is important that we know that there are no longer countries with huge surpluses of money, waiting for other countries to go and ask them for it. The language that is spoken today in the world is cooperation to facilitate trade, not the traditional donations. Also, as you well know, Panama by virtue of its very high per capita income, compared to other developing countries, no longer qualifies for the funds that developing countries earmark to satisfy the most pressing needs of other nations.

When the UN organization was created 50 years ago, it was composed of barely 50 nations. Among these countries, the Latin American countries were the poorest and concentrated the attention of the wealthiest. Today, in the UN organization there are over 180 countries, the immense majority of which are in dire poverty. All of this obliges us to focus our strategy toward the opening of markets for our producers and not, as was traditionally done, for ever-increasingly smaller donations, incapable of providing a permanent solution to unemployment and the acute problems affecting us.

Therefore, although we received an enormous amount of immediate and tangible support in Taipei, I underscore foremost having obtained for Panamanian agricultural products, for primary products, the opening of the gigantic market of Taiwan, the signing of the Coco Solo Container contract, which will generate an investment above $120 million and hundreds of jobs, the inauguration in December of the (Evair) flights on the Taipei-Los Angeles-Panama route, and the reiteration of the decision to develop an industrial park in the recently reverted Fort Davis. Those decisions by the Government of Taiwan and private businessmen, who also donated 100 motorcycles for the National Police, would, by themselves, have justified the visit we made to that country. Furthermore, the Taiwan Government manifested its firm support of the Universal Congress of the Canal, of the updating of studies on the alternatives of the Panama Canal, of the proposed City of Knowledge, and of the promotion of Panamanian products abroad.

I reiterate that these accomplishments allow us to perceive a more promising future for all Panamanians because they give us the opportunity to plan in the medium term and at the same time provide guarantees to our country's industrial sector that the new markets available will allow them to plan their investments and growth in a more suitable manner. However, to those with a nearsighted vision who demand to know what concrete results the president and his delegation brought for Panama, I can only say that we obtained financing, under some very generous terms, to undertake concrete projects such as the construction and outfitting of the new Las Tablas hospital [applause], the remodeling of the National Cancer Institute and the Victoriano Lorenzo ward, as well as the expansion and remodeling of the National Psychiatric Hospital, and health centers throughout the country.

Numerous meetings with private sector businessmen were carried out in Tokyo as well as Taipei. In some cases, when the businessmen were involved in the same activity, such as with the shipping companies or the bankers, we were able to organize work breakfasts with the entire sector. On other occasions when the businessmen were not of the same activity they were invited separately to a private meeting, however, per chance the most encouraging and novel experience were the ones related to the seminars we organized on investment opportunities in Panama addressed to representatives to some of the most important corporations in Japan and Taiwan. During these meetings, the Panamanian ministers, the ARI [Interoceanic Region Authority] administrator, the executive secretary of PROPANAMA [expansion unknown] were able to provide extensive explanations with respect to our new laws, the benefits our country has to offer, and the potential of the reverted areas. As in previous occasions, the questions posed by the businessmen were mostly geared toward the fiscal incentives, reforms to the labor code, and Panama's capability to efficiently manage the canal after the year 2000. Without exception, I can say that they all agreed that Panama has accomplished tremendous progress in all these areas.

With respect to the participation of other Panamanian officials, I am obligated to say a few words with respect to the activities they undertook. Even though it is not to me to provide a report on what they did, it would be an unpardonable injustice on my part if I failed to highlight the constant and prolific participation of the ministers of foreign relations, planning and economic policy, labor and social welfare, the ARI administrator, Legislators Yadira Gonzalez, Rodrigo Arosemena, and Laurentino Cortizo as well as all those local businessmen who traveled with us at their own expense.

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All these officials carried out numerous meetings with their foreign counterparts. There were even occasions when there would be four or five meetings going on at the same time all aimed at promoting investments in Panama. As part of all these diverse activities, I would also like to mention the participation of the Panamanian delegation, headed by my wife Dorita, that attended the Fourth UN International Women's Conference that took place recently in Beijing. As much as my words and opinion may be described as lacking any objectivity, as must say that they carried out an extraordinary task and were able to rescue those downtrodden and forgotten women throughout our country from oblivion, especially those in the Indian communities. In addition, they left Panama's name in good standing. [applause]

The last stop on our trip to Asia was to the Philippines. A country very similar to ours due to its history, its foreign military bases, as well as to its poverty. One of the main reasons we decided to travel to Asia was to promote the reverted areas as well as the military installations and their respective transformation into productive infrastructure. Consequently, we wanted to learn first hand the Philippines' extraordinary experience with Subic Bay, a one-time major U.S. military base.

There we have a tangible example of what can be accomplished, of what can be achieved through a combined effort and determination of the people who are not resigned to the void left by the bases, of a well-directed foreign investment aimed at taking advantage of the military installations. The hope of all Panamanians should be that what military bases constitute today should be permanent sources of well-paid jobs tomorrow. Subic Bay is faithful testimony that it is possible and that, by proposing to use the military bases in our country in a productive manner and for the greatest benefit possible, we are not building fantasies, but imitating and emulating the experiences of others.

Honorable legislators, I want to reiterate from this podium, my gratitude and that of all members of the delegation, to the presidents of the Rio Group, to U.S. President Bill Clinton, to their imperial majesties of Japan, Emperor Akihito, and Empress Michiko, Prime Minister Tomiichi Murayama, Taiwan President Li Teng-hui, Philippine President Fidel Ramos, and all the respective governments for the attention with which they distinguished us and for the firm support that they are offering Panama. I have the certainty that this seed which we went to plant is embedded in fertile soil. The benefits to be derived hereafter, will not be for any group or party, but for all Panamanians. [applause]

It is up to each of us to fertilize, with our daily work, the total realization of our hopes. The efforts, hereafter, will not only be those of the president, of the Legislative Assembly, or of the government. The contribution of all sectors is needed, so that the fruits may soon be seen. We still have the collosal endeavors ahead of us of improving the quality of education and stimulating technological training in such a way that permanent industries with well-qualified Panamanian personnel can be established. We still have ahead of us the task of adapting the economic and legal structures to complement our geographic position and to reduce the advantages of countries with economies and objectives similar to ours. All of this is summed up, dear fellow citizens, in the necessity of gaining awareness that the future of the nation lies in the hands of each and every one of us and that in the end, there is no benefit with segmentation. Either all of the country is stagnant or all the country moves ahead. Thank you very much.

Article Views Nationalism in Debate Over U.S. Bases

PA2609225095 Panama City EL PANAMA AMERICA in Spanish 25 Sep 95 p A8

[Article by Andres Achong Paz]

[FBIS Translated Text] The announcement by the presidents of Panama and the United States that maintaining the U.S. military bases after the year 2000 will be "discussed" has fueled the debate over the military bases.

Supporters of maintaining the U.S. military presence have argued that the bases will be good business, as they will generate an annual payment that would help the state's finances and guarantee the "availability of jobs." To defend their argument, they pronounce, as a poisonous dart, the expression "no one can eat nationalism" in a clear reference to the position of those who deem as negative maintaining the U.S. bases in Panama.

In a country where a few leaders have stated expressions, often transient and conflicting, of nationalism, it is understandable that, unfortunately, many people have not assimilated the meaning of this word. Furthermore, after the military regime used the idea of nationalism to advance its interests, the word suffered from a great disrepute, from which it has not recovered.

Under these conditions, many believe nationalism is a part of politics and, therefore, is only expressed politically. In this view, nationalism is reduced to mere expressions to honor the country's flag, sovereignty, territorial integrity, and so on. As a result, and according to the supporters of the U.S. bases, no one can eat nationalism. It is being argued deep down that Panamanians would starve to death if it were not for the U.S. military

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bases. Fortunately, most of the countries in the world do not have U.S. military bases, and many of them have better living conditions than Panama.

It is important to clarify that there are many more political expressions of nationalism. For instance, nationalism is exercising the right of self-government, which is the legitimate right of the people to determine what is better for them. In this sense, "we can eat" nationalism, because we will always live better if we exercise our right of self-government and self—determination than if we allow foreigners to rule us.

In addition, nationalism is much more than a political expression. Cultural and artistic expressions and even the preferences of peoples constitute expressions of nationalism. All of these are as important to nations as fingerprints are to a person. Similarly, there are many expressions of nationalism in the economic area. How else would you refer to the ideas and actions that seek to promote the welfare of most or the entire population of a country? What would you call the attitude of choosing to buy local rather than imported products? What would you call the policies to defend local producers against the power of transnational consortiums? What would you call the policies to promote a country's economic integration? What would you call the position by certain countries that refuse to comply with clauses that jeopardize their economic development?

The peoples, in contrast with many of their leaders and prominent figures, are nationalists. The latter must consider the interests of their parties, partners, in addition to their own interests, whereas the people do not have exclusive interests, except for their welfare as a whole. Keeping this in mind, the prevailing view of Panamanians is that of the greatest possible profit to be gained by the return of the Panama Canal to its legitimate owner: the Panamanian people.

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Argentina

Menem Comments on Oil Talks With UK, Departs for Asia

PY2609201195 Buenos Aires TELAM in Spanish 1844 GMT 26 Sep 95

[FBIS Translated Text] Buenos Aires — President Carlos Menem today highlighted the fact that "the Foreign Ministry carried out a very positive and important task" in the negotiations for the exploitation of oil in the vicinity of the Malvinas Islands with the UK "after 163 years of usurpation" of that archipelago by Great Britain.

"We have made excellent progress on the sovereignty issue, which is currently under the protection of an 'umbrella'," Menem said at Ezeiza International Airport just before beginning a tour of the Arab Emirates, South Korea, China, and the Philippines.

Di Tella Says UK Oil Accord Signing 'Very Important'

PY2509161695 Buenos Aires TELAM in Spanish 1938 GMT 24 Sep 95

[FBIS Translated Text] New York, 24 Sep (TELAM-SNI) — Foreign Minister Guido Di Tella stressed today that the agreement that will be signed on 27 September between Argentina and Great Britain on the exploitation of oil in the Malvinas Islands will be a very important event within the framework of bilateral relations concerning the South Atlantic.

"The signing of the agreement will have a number of very important effects on Argentine-British relations regarding the South Atlantic," Di Tella stressed in an interview that he granted to TELAM in New York.

The minister also said that a meeting between President Carlos Menem and British Prime Minister John Major "has not yet been set," but he maintained that "it can certainly come about" as part of the evolution of relations between the two countries.

Di Tella noted that the topic of the future meeting "will be discussed on 27 September with British Foreign Minister Malcolm Rifkind."

The foreign minister today worked on the address that he will give on 26 September before the Security Council, and on the address that he will give on 27 September before the UN General Assembly.

Regarding the agreement, Di Tella said that the importance for Argentina is that as of now it will jointly exploit oil with the British in a 20,000 sq km zone that "includes sectors to which we have never had access," and that this fact "must be well taken into account."

Regarding the repercussions that the agreement could have in the relations between the two countries, Di Tella said: "The truth is that I am limiting myself to not exaggerating in any of my statements in view of the sensibility of the other party."

The foreign minister also stated that "a joint commission will be created" to "monitor" contentious areas, and an exchange of information and supervision will be provided for.

He indicated that after the signing of the agreement, Argentina will release a unilateral declaration and a round of activities will emerge, and he believes that the British Government will do the same.

In this respect, he explained that "in our declaration we will inform the enterprises that wish to exploit oil that they will have to pay a royalty of 3 percent of the volume of oil that is extracted and that they will also have access to the coasts."

Di Tella said that "we are not going to acknowledge the British declaration, as they will not acknowledge ours," and he expressed the belief that it is "probable" the British will try to "establish" a set of rules and regulations for licensing and exploitation with the payment of a 9 percent royalty.

Senator: Regaining Malvinas Sovereignty 'Feasible'

PY2509173695 Buenos Aires TELAM in Spanish 1440 GMT 24 Sep 95

[FBIS Translated Text] Buenos Aires, 24 Sep (TELAM) — Senate Provisional President Eduardo Menem has remarked that it is feasible to regain sovereignty over the Malvinas Islands. He announced that new agreements might be worked out with the United Kingdom.

Alluding to President Carlos Menem's assertion that Argentina will have regained sovereignty over the Malvinas Islands by the year 2000, Senator Menem stressed: "It is increasingly viable" that Argentina will once again exercise sovereignty over those islands.

In a lengthy report published in today's issue of the daily LA PRENSA, Senator Menem also voiced his doubts about the existence of oil in the Malvinas Islands' waters and challenged Dante Caputo's [former foreign minister under Raul Alfonsin and former UN, OAS mediator in Haiti] criticism of the agreement with the British. Caputo is now a member of the Frepaso [Front for a Country in Solidarity].

Commenting on the policy of "seduction" pursued by Foreign Minister Guido Di Tella vis-a-vis the Malvinas Islands inhabitants, Senator Menem underscored that "it contributed to creating a propitious atmosphere that

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enabled us to hammer out an agreement now and possibly others in the future."

With regard to the existence of oil in the Malvinas Islands, the Senate provisional president said that although "there are possibilities," "the amount" of hydrocarbons existing there "is still not known"; it is also not known "whether their exploitation is cost-effective."

He added that only when the corresponding studies are concluded "in four or five years will we know whether the tapping of oil is cost-effective."

Senator Menem was of the opinion that the bill to impose sanctions on oil companies that prospect for oil in that area without Argentine authorization "played a decisive role."

The Senate provisional president emphasized: "Argentina's firm-set will to prevent being bypassed on oil matters has, therefore, been clearly established."

Concerning criticism leveled by opposition sectors, which claim that in signing the agreement Argentina is ceding its royalties to the British, Senator Menem explained that "half of the area is under dispute and we cannot enter it; this is why both countries are allowed to operate in that area."

Changing the subject, Senator Menem said that Caputo's argument that the agreement would imply a recognition of the United Kingdom's sovereignty over the Malvinas Islands "is to be understood from the viewpoint of his new militancy in the Frepaso, which criticizes everything the Menem administration does."

Government Plans Own Oil Exploration Tender

PY2609142695 Buenos Aires CLARIN in Spanish 25 Sep 95 p 18, 19

[Report by Marina Aizen]

[FBIS Translated Text] New York — Foreign Minister Guido Di Tella granted CLARIN an exclusive interview during which he announced that on 2 October the government plans to invite oil companies to participate in oil exploration in the South Atlantic. The chosen date is one day before the islanders issue their own unilateral call to explore for oil in the disputed waters to the east of the Malvinas Islands.

The agreement on oil exploration that Argentina and Great Britain will sign in New York on 27 September looks increasingly like a race against the clock, with both parties hurrying to entice companies interested in exploring for oil in the Malvinas Islands before the other.

De Tella is staying at an elegant hotel in New York. Yesterday he told CLARIN: "We will make our own call. We will invite oil companies operating in Argentina and oil companies not operating in Argentina to participate in our own plans. We will entice them to explore for oil in the South Atlantic."

A tacit agreement seems to be in the making between both parties: Great Britain and the Malvinas Island inhabitants will not blockade any Argentine negotiation as long as Argentina does not blockade the Kelpers' negotiations.

Both parties will start parallel negotiations with oil companies with their eyes on a future tender for exploration and exploitation in the 120,000 square km currently in dispute.

Di Tella yesterday called the area a disputed zone, adding that the Argentine call will include that area.

He said the areas set apart for future cooperation between Argentina and Great Britain, comprising a 20,000 sq km zone west of the islands, will be excluded from the other two negotiations. Here Argentina and Great Britain have already decided to share oil royalties equally.

Oil companies will pay 12 percent of the revenues obtained for the oil exploited in the disputed areas. Of this, the Kelpers will keep 9 percent and Argentina 3 percent, as was already anticipated by CLARIN.

The exact terms of the agreement that will be signed on 27 September are still not known. The document apparently leaves some points unresolved such as how, when, and where will exploration activities in the disputed zone take place.

Three documents will be released in New York. The first is a joint declaration signed by Di Tella and his British counterpart Malcolm Rifkind establishing a mixed commission. Both parties must still negotiate the functions and regulations of the commission.

The Awards and Penalties organ will be divided in two sections. One section will have jurisdiction over the 20,000 sq km where Argentina and Great Britain will divide royalties. The other section will monitor for oil information and supervise ecological issues in the disputed zone.

Di Tella told CLARIN that the euphoria of Argentine diplomacy lies in the fact that this move implies that "for the first time in 163 years we will be able to enter the disputed zones."

The other two documents will be unilateral declarations written in a completely different language. In them,

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Argentina and Great Britain will emphasize their rights to the islands in an effort to calm the two very sensitive internal opinions.

Di Tella confirmed that the Argentine declaration will mention the right to charge 3 percent royalties on oil extracted in the islands' oriental waters, as CLARIN already announced. The question is what legal bases will guarantee that Argentina will in fact be able to collect those royalties.

The foreign minister said: "We will send two bills to Congress. One will establish awards for companies that pay those royalties and penalties for companies that do not. The second will amend the hydrocarbons law in the section establishing that companies must pay 8 percent royalties on the oil extracted from Argentine territory." The government, through Congress, plans to amend that to reduce its take from 8 to 3 percent only in the case of oil extracted from the waters around the Malvinas Islands.

With respect to penalties, Di Tella mentioned the possibility of forbidding companies that do not pay from operating in the country.

Tierra del Fuego Governor Reelected in 1st Round

PY2609173995 Buenos Aires TELAM in Spanish 1430 GMT 25 Sep 95

[FBIS Translated Excerpt] Ushuaia, 25 Sep (TELAM) — Tierra del Fuego Governor Jose Estabillo, who ran for reelection on the Tierra del Fuego Popular Movement's (Mopof) ticket, was successful at the poll yesterday. The Electoral Board announced today that he received 55.6 percent of the vote, thus avoiding a runoff election.

The provisional official vote count — which was disclosed early this morning — shows the Mopof ticket of Estabillo-Miguel Castro polled 22,046 votes; 55.6 percent. The Justicialist Party ticket of Mario Daniele and Esteban "Chiquito" Martinez polled 13,501 votes; 34.1 percent.

With these results the Mopofo carried the election for the Tierra del Fuego governorship in the first round as it received more than 50.1 percent of the vote the provincial Constitution establishes as a floor to avoid a runoff.

Some 99 percent of the polling stations — 39,909 votes — were tallied by noon. This represents a 72.9 percent voter turnout.

The Radical Civic Union came third with hardly any possibility of the governorship as the ticket of Juan Carlos Garcia and Ana Ortiz only polled 1,836 tickets; 4.1 percent.

The Movement Towards Socialism (MAS), which fielded Oscar Martinez, a metallurgical trade union leader, came fourth with 602 votes; 1.5 percent. [passage omitted]

Tensions Surrounding Cavallo-Menem Rift Viewed

95SM0518A Buenos Aires CLARIN in Spanish 17 Sep 95 pp 18-19

[Commentary by Julio Blanck: "The Future That Was Written"]

[FBIS Translated Text] Perhaps on that very same August evening that they promised to stick together, each departed with the certainty that the future for them could only be brief and stormy.

The forced coexistence that Carlos Menem and Domingo Cavallo decided to preserve almost a month ago, with a public announcement before dozens of witnesses at a shopping center, is now revealing what they were endeavoring to conceal back then: there is a deep-seated conflict between the two.

The decisive chapter in this story began to be written when, in a virulent reaction during the fight for the post office law, Cavallo hurled his charges about mafias linked to the government. Nothing has been the same since then: the minister had started a battle in which the president felt openly challenged.

For several days, the Casa Rosada assures us, Menem entertained his desire for political revenge. But as with so many other decisions, the president did not give in to his impulses; rather than voice his anger with the minister, he chose instead to call for polls to ascertain how Cavallo's charges had sat with the public.

The findings suggested caution, as the minister's popularity was soaring. The trend has not yet run its course. A poll by Heriberto Muraro that was completed a week ago, and which Economy Ministry offices are displaying as a war trophy, places Cavallo's positive rating 13 points higher than before his ringing denunciations (36 to 49 percent).

Menem, who is determined to be the sole administration player on the stage of government, then decided what his move would be: attacks on the economy minister's protective armor at several points.

He put his closest confidants to work, called on the most powerful employers unions, and sent messages abroad via diplomats who aspire to a more agreeable place in the Menem sun. The message is the same: the economic

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plan is Menem's plan, and only Menem can guarantee that it will continue.

"The question is whether they believe him," the people around Cavallo say without pity when the talk turns to the aspirations of so many emissaries to the men who decide on the economy's major numbers.

It is a fact, though, that Menem's campaign is wearing away the minister's support base and giving certain crusaders from the ruling party's political wing reason to dream about an almost painless substitution in the Economy Ministry before the torrid days of next summer intensify the heat of this endless internal struggle.

A less impassioned reading shows things in a different light: Menem will not leap into the unknown. He has never done so in his lengthy political career, and there is no visible reason why he would do so now.

He knows that the economic players see the movements of past days as a prelude to surgery. He also realizes that in itself this creates an atmosphere of uncertainty that is the last thing we need in an economy in which unemployment is at a record high, that is suffering from a recession which has caused broad areas of consumption to plummet, that must cope with very heavy external obligations next year, and for which institutions as dissimilar as ECLA [Economic Commission for Latin America] and the Bank of America project zero or negative growth this year.

Uncertainty frightens capital, and several unanticipated specters were flying over the heads of certain big business executives this week.

At a closed-door colloquium that brought together some 10 presidents of front-line companies (several of them with home offices overseas), ambassadors from central countries, and legal experts at that level, there was talk of administration infighting and Cavallo's unstable situation. There was also extended discussion, however, of the fear that the political class might explode, as happened in Italy, if the corruption charges wind up leading judges and prosecutors (owing to the combined pressure of financial interests and public opinion) to conduct a large-scale cleanup operation in the style of "mani pulite."

Conditions in Argentina are, of course, different from those in Italy, and not just because a broad segment of the Justice Ministry recognizes Menem's tracks along the current path. Nevertheless, officials who know what was discussed at the colloquium reported with alarm to their superiors.

Menem listens to all of them, weighs every piece of information, and moderates the rage of his soldiers.

He does not worry if some officials feel that their work is futile, such as the ones in the administration's legal offices, who prepared a bill to split up the Economy Ministry and soon found themselves looking for a place to file it away because there will be no split as long as Cavallo remains in his post.

"If we are going to change ministers, the change has to be agreed upon with the very same sectors that back Cavallo," say the calmest voices in the Office of President, who give assurances that Menem is not even thinking about changing the model or the strategic alliance that underlies it.

But the operation to wear Cavallo down politically involves more than just theoretical formulations; it also includes some moves that belong in the folklore about Menem:

- After talking for three straight days about his having created and his being the sole guarantee of the economic model, the president had a little sign with his signature placed in the press room of the Casa Rosada. It reads as follows: "Cavallo is reaffirmed." The most irate Menem backers were beaming: "First he wears him down and now he lets up on him," said gentlemen with senior posts in the administration.
- The Argentine ambassador to the United States, Raul Granillo Ocampo, launched a poisoned missile in the presence of Argentine newsmen in Washington: he said that he had told the U.S. press the names of four possible replacements for Cavallo. Afterwards came a lukewarm retraction by the talkative ambassador, a major venting of anger from Cavallo (he called Granillo "inefficient" and a "bootlicker"), and a barely official expression of displeasure from the Casa Rosada's political operators. There is one fact that must not go unnoticed: Granillo Ocampo is one of the people entrusted with convincing power centers that Cavallo can be removed without damaging the model that they are defending so strongly there.

"We have already given signs; we are now awaiting gestures from them," people close to Menem are saying now, referring to the hope that the power centers will be open to the shakeup in the Economy Ministry.

But the signs have yet to come, and in fact, Cavallo seems to be enjoying very good health just where the attempts are being made to wear him down.

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In this context the crisis that has broken out in the Banco Nacion is almost made to order. The corruption charges are now striking very close to Cavallo, who has had to sacrifice Aldo Dadone, the bank's president and his ally for two decades.

The case is in the hands of Judge Adolfo Bagnasco, who was also chosen at random to hear other cases that strike at the very heart of Cavallo's team: the ones involving Gustavo Parino, who resigned as head of customs, and Haroldo Grisanti, the embattled chief of the official vote-count agency.

Bagnasco knows that many people in the administration are eager to see pro-Cavallo officials prosecuted. He told them that he is not prepared to become involved in a war that is not his. "With Cavallo you have to shoot him in the forehead, and I'm barely a cough," the judge often jokes.

And although even his most fervent enemies say that the minister is not involved in the Banco Nacion scandal, the impact has been felt near Cavallo. The fact is that it is not easy for people to portray themselves as standard-bearers in the battle against corruption if suspicions are tainting their side too.

But Cavallo has already shown that he is not one to give up easily. He had to endure one week of the Menem offensive in person with his mouth shut, but had enough punch left to offer a sharp retort of his own. He reaffirmed his charges against Alfredo Yabran just one day after the president, in an interview, praised the post office executive's fiscal actions.

There are no coincidences in politics. Menem had given the interview a week before it was published; people in the administration knew what he had said about Yabran, and Cavallo chose that day to spell out his charges against him, in reply to a request that the attorney general had made two weeks before.

Now, with the post office bill languishing in Congress, Cavallo decided to focus on his specific functions, as he realizes that he needs hard-and-fast accomplishments to strengthen his hand and to keep alive his political plans, which do not end with the post of minister.

Along the way he has had to let certain objectives go, for example, new cuts in the military budget.

Defense Minister Oscar Camilion got his way by arguing one point to Eduardo Bauza and the men in the Economy Ministry: the mounting strains between the Chilean Government of Eduardo Frei and the generals of Augusto Pinochet could lead to a political crisis, according to assessments that even the U.S. defense secretary, William Perry, is mulling over in Washington. Given this outlook of potential instability, Camilion advised against budget cuts that would further curtail the Argentine military's operating capabilities.

In the past Cavallo would have beat the drums in opposing any attempts to keep the military budget unchanged. But these are not his glory days; in fact, he is fighting to survive.

He continues to have a powerful ally in the market forces, the same ones that Menem wants to seduce because he feels that at this juncture they are the only ones capable of interfering with his decision to tip the balance of power in his favor sooner or later.

Bolivia

Sanchez de Lozada, Wasmosy View Transchaco Highway Project

PY2609215395 Buenos Aires TELAM in Spanish 0125 GMT 25 Sep 95

[FBIS Translated Text] Santa Cruz (Bolivia), 24 Sep (TELAM- SNI) — It was officially reported that the Paraguayan Government and the Bolivian Government today committed themselves to expedite the construction of the Transchaco Highway, a project for which $50 million in financing has already been approved. The Transchaco Highway project will enhance the physical link between the two countries.

After a private meeting at a downtown hotel in Santa Cruz, where the two leaders have been visiting since 23 September, Bolivian President Gonzalo Sanchez de Lozada and Paraguayan President Juan Carlos Wasmosy confirmed the aforementioned commitment.

The resolutions taken by the two presidents on an upcoming agreement on Bolivian gas sales to the Paraguayan market have not been disclosed today because this point will be included in a joint declaration that Sanchez de Lozada, Wasmosy, and Peruvian President Alberto Fujimori will sign on 25 September.

The two presidents participated on 24 September in ceremonies to mark Santa Cruz Department's anniversary and the opening of the 1995 Expo-Cruz fair in this city.

With regard to the Transchaco Highway, Sanchez de Lozada and Wasmosy emphasized that they would achieve an agreement with the technical and financial organizations, an agreement that will permit the designation by 15 October of the consulting companies that will draw up the highway projects in the two countries.

The two presidents also announced that European Union experts would be coming in late September to evaluate

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a project that Bolivia, Paraguay, and Argentina want to implement on the Pilcomayo River.

Wasmosy said: "The European Union will present three director candidates for a program that will permit us to restore the Pilcomayo River for the good of the three nations. Nevertheless, there should be no Bolivians, Argentines, or Paraguayans among these three candidates so as to guarantee the program's appropriate management."

During their 24 September meeting, the two presidents achieved agreements that will also permit the promotion of a project involving a dam on the Paraguay River. The Spanish Government already has approved nonrefundable financing for drawing up a final feasibility survey.

Wasmosy emphasized that the Paraguay River dam project will represent a Bolivian outlet to the Plate River and will irrigate part of the Bolivian and Paraguayan Chaco regions and a large region of the Brazilian state of Mato Grosso.

Fujimori has confirmed that he will be arriving in Santa Cruz within the next few hours. He will pay a short visit, during which he will hold unofficial meetings with his Bolivian and Paraguayan counterparts.

The Bolivian president, however, confirmed that Bolivian Energy Secretary Mauricio Gonzalez has met Paraguayan Industry Minister Ubaldo Scavone to review preliminary data on gas sale volumes and specifications for the gas pipeline that would link Santa Cruz with Asuncion.

The technical data involve an 800-km long gas pipeline, with pipes ranging between 12 and 14 inches (276 to 322 mm) in diameter, that initially would carry 20 million cubic feet per day, a volume that would reach 50 million cubic feet per day within five years.

The drug trafficking issue, which had also been included on the open agenda of the two presidents, was discussed, but the conclusions were also postponed until today, as Sanchez de Lozada and Wasmosy hope to incorporate Peru's position and commitment.

The Peruvian president's presence would also permit the inclusion in the final declaration — which will be signed by Sanchez de Lozada and Wasmosy — of a tripartite commitment on the highway programs that the three nations are promoting for the common goal of achieving a highway network linking the Atlantic and Pacific Oceans.

Government Dismisses Antinarcotics Police Chief

PY2609134695 Buenos Aires TELAM in Spanish 2111 GMT 24 Sep 95

[FBIS Translated Text] La Paz, 24 Sep (TELAM-SNI) — Special Antinarcotics Force (FELCN) spokesmen announced today that the agency yesterday fired FELCN Deputy Commander Colonel Fernando Tarifa for his alleged inefficiency over the seizure of a plane loaded with 4,173 kg of pure cocaine in Lima.

FELCN disseminated a communique in La Paz announcing that Tarifa had been replaced by Colonel Tomas Asturizaga, who previously occupied the post of Judicial Technical Police director.

The communique does not say if the replacement had anything to do with the alleged FELCN failure to stop the plane at La Paz airport, before it departed for Lima on 15 September.

According to the document, the reorganization at "different levels" sought "to improve the service."

The new FELCN authorities are: Deputy Commander Colonel Tomas Asturizaga Rodas and Lieutenant Colonel Medardo Flores Mendoza, national head of Department 3.

Lieutenant Colonel Gustavo Cruz Briggs was appointed head of Yacuiba's control office and Major Franz Lea Plaza Vargas is head of La Paz International Airport control office.

The antinarcotics agency also announced that new suspects have been arrested in connection with the cargo of Bolivian cocaine seized in Lima. The Bolivian Government holds the "La Paz Cartel," which was unknown until last week, responsible for the shipment.

The press mentioned today that FELCN Commander General Simon Sejas Tordoya asked Minister of Government Carlos Sanchez Berzain to place fully trustworthy people in strategic positions to enable the investigations to continue.

Sejas also confirmed the arrest of two more retired Army officers for their alleged links with the La Paz Cartel.

They are retired Lieutenant Colonel Grover Bilbao Terrazas and retired General Jose Gallardo Sempertegui. The two were arrested yesterday in La Paz and charged with supplying the drug cartel, which, Sejas said, "we have started to dismantle."

The agency also reported that it is investigating Chamber of Deputies Chairman Guillermo Bedregal, who acknowledged having sold a real estate worth $100,000 to the alleged head of the La Paz Cartel.

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A year ago Bedregal sold an apartment in a downtown La Paz building to presumed drug trafficker Luis Amado Pacheco Abraham, alias "Barbas Chocas," who was arrested by FELCN agents on 20 September. He is charged with organizing the shipment of the cocaine cargo to Lima.

Brazil

Cardoso: Nation 'Necessary Partner' For U.S.

PY2609194795 Madrid EFE in Spanish 1805 GMT 24 Sep 95

[FBIS Translated Text] Rio de Janeiro, 24 Sep (EFE) — Brazilian President Fernando Henrique Cardoso believes that, following its economic recovery and by virtue of its political role in Latin America, Brazil has become a necessary partner for the United States to promote its idea of continental integration.

In remarks to the newspaper O ESTADO DE SAO PAULO, Cardoso said: "The United States has recognized that, without Brazil, it will be difficult to implement a trade agreement in the continent."

Commenting on prospects for his foreign policy, Cardoso said: "We (Brazil and the United States) are necessary partners."

Cardoso conceded that Brazilian diplomats are "still rather timid," while emphasizing their honesty and blaming their timidness on 21 years of military regime (1964-1985), which virtually forced Brazil into isolation and opened a gap between Brazil and the United States. Until only a few years ago, this gap was considered insurmountable.

Cardoso added: "Brazil has stopped running against historical trends; that is, it no longer seeks isolated benefits without fully participating in foreign affairs."

Cardoso described the United States, Argentina, Germany, and Japan as the major target countries of his proposal for trade and political integration.

He said the strengthening of ties with Argentina was the first success of his foreign policy and that the results of his recent nine-day tour of Belgium and Germany constitute a significant step toward moving closer to Europe.

Cardoso said: "In Asia, we attach significance to relations with Japan. My next trip to China will be instrumental in consolidating an affinity that has been translated into technological exchange programs."

Cardoso made it clear, however, that the interest expressed in the United States, Argentina, Germany, and Japan does not mean the Brazilian foreign policy would exclude other countries.

He justified the Brazilian interest by noting that this is the most expeditious way to negotiate agreements between blocs, such as the recent talks he led on behalf of the Common Market of the South (Mercosur) with the EU.

Cardoso Names Malan Interlocutor To Negotiate Reforms

PY2609152395 Sao Paulo AGENCIA ESTADO in Portuguese 2229 GMT 25 Sep 95

[Article by Ricardo Amaral]

[FBIS Translated Text] Brasilia, 25 Sep (AE) — President Fernando Henrique Cardoso used the meeting with governors today to strengthen, once again, Finance Minister Pedro Malan's political position. Malan has been having problems with the governors and within the government team itself, due to the Central Bank policy on interests. President Cardoso told the governors that Malan will be their interlocutor to negotiate the administrative and fiscal reforms and to form a pact to get them approved at Congress. Malan has also been appointed to negotiate, after analyzing each case separately, federal government help to state governments that are in a critical financial situation.

President Cardoso decided to give Malan this special support after Justice Minister Nelson Jobim informed him that most of the governors were resisting the possibility of negotiating with the finance minister. Jobim reached this conclusion after hearing 23 of the 27 governors while the president was in Europe. They suggested that the Chief of Civil Household Clovis Carvalho should coordinate a negotiation forum. According to advisers, however, in his initial explanation the president did not even mention the word forum.

This is the second time in the last few weeks the president has defended his finance minister. When he arrived in Brussels on 13 September, President Cardoso said: "Those who try to discredit Minister Malan are wasting their time." Cardoso thus reacted to efforts by some of Malan colleagues, who sought to discredit the minister. This maneuver was frustrated within the government, but several governors complained to Minister Jobim about Malan's supposed lack of political sensitivity.

Governor Mario Covas (Brazilian Social Democracy Party), who currently has a very serious problem with the Central Bank — over the trusteeship of Banespa, Sao Paulo State Bank — said: "I cannot be accused of that, I like Malan very much." What strengthens Malan's position is not the fact that he was appointed to negotiate the pact, but the power he was given to help

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state governments that are in difficulties, even though the government has yet to define the type of help to be rendered to the states. Most of the states face difficulties because they borrowed money from private banks and are paying market interest rates on the loans. If Malan can help the state governments, he will gain prestige in the eyes of the governors.

Cardoso's 'Seduction' of Governors on Reform Issue Viewed

PY2709015095 Sao Paulo AGENCIA ESTADO in Portuguese 2349 GMT 26 Sep 95

[By Christiane Samarco]

[FBIS Translated Text] Brasilia, 26 Sep (AE) — President Fernando Henrique Cardoso on 25 September again used his powers of seduction to persuade governors to sign the pact on reforms. "Some people wanted to protest the Social Emergency Fund (FSE) and the tax reform, but they changed their mind," Rio de Janeiro Governor Marcello Alencar (PSDB) [Brazilian Social Democracy Party] said. "I warned that if you are against the reform you should not attend the meeting, because the president will persuade you."

As one of the participants put it, Cardoso "sweet talked them into it." He spoke without interruption, spreading good humor and sparing no praise for each governor. He dodged the few complaints with vague promises. Garibaldo Alves, Rio Grande do Norte governor (Brazilian Democratic Movement Party), said: "I left with a promise that something would be done to help me, but I am not sure what it is." "The president convinced everyone of the tragedy that rejection of the FSE would cause to the government, but he was not convinced by our own tragedies," he added.

This does not mean that the governors did not try. The conversation was marked by traditional "whining" and by words such as insomnia, tranquilizer, and intensive care unit. "I want to talk as a physician, not as a governor," said PT [Workers Party] leader Vitor Buaiz (Espirito Santo). "We are in the intensive care unit, with payroll expenses consuming 99 percent of our revenues." Federal District Governor Cristovam Buarque, also a PT member, then took the floor: "Your Excellency has said that this is a good harvest of governors; yet if the solution to our problems is delayed, the harvest can grow old." Cardoso smiled and replied: "Relax. This harvest of governors is like good wine: the older, the better."

"My tires are worn out. I am running on the rims of the wheels," said Acre Governor Orleir Cameli (Brazilian People's Party). A "rim" is the metal part of the wheel of a car, but the governor was referring to the debt his state owes because of a loan obtained as a Budget Allocation Advance, known as ARO. In light of the unsuccessful demands of his colleagues, he immediately proposed a "private conversation" with the president to describe his problems. His request was not granted, and at the end he summarized the general feeling: "Your Excellency has everyone in the palm of his hand."

Governors React to Cardoso's Pact on Reforms

PY2609213095 Sao Paulo AGENCIA ESTADO in Portuguese 0224 GMT 26 Sep 95

[FBIS Translated Text] Brasilia, 25 Sep (AE) — Five governors who were consulted upon leaving Alvorada Palace, where they held a meeting with President Fernando Henrique Cardoso on 25 September, unanimously said that a consensus was reached on the need to approve the administrative reform. They said all governors promised to strive for this goal among their state blocs in Congress. Yet all of them also said that no consensus was reached on other topics — like the tax reform and the controversy over whether states will win or lose with the reform — for which reason the joint document that was approved during the meeting includes reservations on the subject. All governors but Tasso Jereissatti (PSDB-CE) [Brazilian Social Democracy Party-Ceara] said they were convinced that states will end up losing with the tax reform, and that for this reason they demanded guarantees that there will be compensation.

Here are the remarks made by five of the governors:

Vitor Buaiz (PT-ES) [Workers Party-Espirito Santo]: "The federal government will consult with the TCU [National Accounting Office] to learn whether or not the FSE [Social Emergency Fund] will cause losses to the states. I believe it will. Our support will be extended as is established in the communique, with the reservations. The government this week will evaluate the situation in the states. We signed the pact with the conditions established in the document, yet I cannot give my full endorsement before knowing the size of the loss. The important thing at the meeting was the assertion that the (tax reform) project is important for the country and for the good of the states. I am convinced that a joint effort is necessary."

Tasso Jereissatti (PSDB) (CE) [Ceara]: "The president has undoubtedly won the governors' full support of the reforms. The regional controversy did not merit much discussion. All governors signed the document. There are pending technical topics, but full support has been given to the FSE."

Eduardo Azeredo (PSDB) (MG) [Minas Gerais]: "It was a very important moment for Brazil. The atmosphere at

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the meeting was very positive. That was the objective of the meeting (to unleash the reforms), in order to find the right path. Most governors extended their support. They want the FSE extended. No deadline (for validity of the FSE) was established. Nobody knows whether it will be two or four years. What everyone understood is that the FSE is necessary for consolidation of the Real Plan. The technical side will be discussed with the ministers. The matter is controversial. Yet Minas Gerais will lose revenues through exemptions on exports. The president himself, however, promised that there will be compensation. We agreed on more than 90 percent of the issues. I will try to obtain the support of the state's bloc."

Dante de Oliveira (PDT-MT) [Democratic Labor Party-Mato Grosso]: "The meeting was good. All governors could describe their problems. A pact on reforms was reached, on the condition that states will sustain no losses. We will wait for the compensation, which the government will provide in a more direct manner. Mato Grosso was the state that obtained the smallest earnings, because of agricultural losses. As for the losses caused by the FSE and by exemption on exports, a compensation will be necessary. Yet the president said he himself is willing to grant a compensation. We want immediate compensation. Concerning the administrative reform, I will speak to Mato Grosso lawmakers. Yet as far as the tax reform is concerned, no one will convince anybody unless he is convinced (that there will be no losses). We need to be sure about the figures. I suggest to extend the pact not only to the governors but also to other branches of government. The problem is a conceptual one. We believe states will sustain losses, but from the viewpoint of the government, states will only reduce their earnings.

Paulo Afonso Vieira (PMDB) [Brazilian Democratic Movement Party] (SC) [Santa Catarina]: "States have faced difficulties for the past three or four months. Their revenues are dropping. Only now, in September, are we seeing some reactivation. The president today indicated that a solution will be found for the domestic debt problem. All governors said it was the most important problem. The government is willing to help the states in connection with both the domestic debt and revenue advances. The government knows that something terrible will happen if state debts become even larger. It is no longer possible to control the payroll. In practice, the actual valuable achievement was the pact on administrative reform."

Almir Gabriel (PSDB) [PA] (Para): "At the meeting, I did not perceive any nervousness in Sao Paulo Governor Mario Covas. As for the domestic debt, the best phrase was one by Covas, who said it was useless to try to balance the union while states remain unbalanced. For this reason, Covas said, the administrative reform and the renegotiation of the domestic debt must simultaneously move forward. I understood that contracted debts are considered a closed matter. There are no problems on the subject. At the meeting, everyone was convinced that it is useless to increase revenues if expenses are not controlled. It is necessary to resolve the problem of interest rates and of the debt."

Cardoso Advocates Agrarian Reform, Opposes Violence

PY2609152195 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 26 Sep 95

[Address to the nation by President Fernando Henrique Cardoso during his weekly "A Word From the President" program; recorded]

[FBIS Translated Text] Today I would like to discuss the agrarian reform. The landless people's problem has worsened. Some invasions of land have occurred in recent weeks. Leaders of the PT [Workers Party] and organizations linked to landless workers met with Vice President Marco Maciel to hand him a document opposing violence in rural areas and requesting that agrarian reform be expedited. I am pleased by the willingness by these people to work with the administration. When I say Brazil is changing, I refer to this position taken by Brazilians who, rising above political disagreements, came forward to cooperate and to help other more needy Brazilians.

During eight months in office, we have settled 15,000 families. By the end of this year we expect to have settled 40,000 families, as I promised earlier. We will reach an annual average that will double the one reported in the past 10 years. A settlement project cannot be completed overnight. It takes time. Yet, we will make a joint effort to make it more expeditious. To this end, we will need the help of both the courts and Congress.

Congressmen can help by approving bills allocating more funds for settlements this year, and the courts can help by expediting expropriation cases. We will assign priority to the settlement of the 17,000 families who today live in makeshift camps. More than half of these camps originated from the invasion of land which was later expropriated, but which is still subject to court claims, such as the value of compensation to be paid to the land owner.

We are studying ways to include in the agrarian reform those plots received by the Bank of Brazil [BB] as payment for a debt as well as government-owned land, because the administration must set the example.

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Land possession is the first step toward implementing agrarian reform. Yet, we must also create conditions for the farmers to grow crops. Well, the BB will receive this week 130 million reals for those farmers who have already been settled under the agrarian reform program. They will be able to obtain loans at 12 percent per annum interest rate. When they are due to repay their loan, they will have to repay only half of it. That is a real subsidy. It is a major aid the administration is supplying to them.

We are determined to end violence in rural areas. We are aware that many Brazilians must have land to survive. Yet, land invasions and police violence only make the problem worse. Massacres like that of the Santa Elina farm in Corumbiara, Rondonia State, have been condemned by all Brazilians and the culprits must receive stiff punishments.

Yesterday, I asked for cooperation from the governors who were here in Brasilia. Today, I will meet with the president of Contag [National Confederation of Farm Workers], and this week I will meet with the organizations responsible for the agrarian issues to recommend that action be taken to expedite agrarian reform.

Agrarian reform is a national concern and we will deal with it. It is not possible for so much land to remain in the hands of such a few people, producing virtually nothing, while many farmers do not have an acre of land to farm. We will democratize land tenure in Brazil, but without violence, without invasions, and with a great deal of courage.

Sao Paulo Governor Says States Lose With Tax Reform

PY2709002095 Sao Paulo AGENCIA ESTADO in Portuguese 0203 GMT 26 Sep 95

[Report by Joao Domingos]

[FBIS Translated Text] Brasilia, 25 Sep (AE) — After a meeting held today by the state governors with President Fernando Henrique Cardoso at Alvorada Palace, Sao Paulo Governor Mario Covas confirmed that, pursuant to the agreement made at the meeting he is willing to use his influence over PSDB [Brazilian Social Democracy Party] lawmakers from the various states to obtain the approval of the constitutional reforms. Covas noted, however, his belief that the states "still lose" with the tax reform and that this explained the difficulties encountered at the Alvorada meeting.

Covas stated that although there was truly an agreement around the pact proposed by the president, "some reservations" were made within the very joint statement issued at the end of the meeting. Expressing his pessimism about the effects of the tax reform on the state administrations, Cova said that "the only favorable provision" for the governors included in the proposed amendment is the allocation to the states of 10 percent of the fund created to compensate the states for the losses they may sustain as a result of the tax reform. He said: "In principle, the states continue to lose with the reform."

Covas said, however, that pursuant to the pact, he is going to work with the PSDB bloc, not only with that of Sao Paulo but with all PSDB blocs from the various states, to push for approval of the topics included in the agreement. The Sao Paulo bloc consists of 70 lawmakers, including all parties; but the PSDB bloc accounts for only 17. Thus, Covas said, it will be necessary to confer not only with PSDB members from states governed by PSDB governors, such as Ceara and Rio de Janeiro, but also with PSDB members from other states.

Covas also made ironic comments about the Banespa [Sao Paulo State Bank] issue in light of a report published today by O ESTADO DE SAO PAULO. The report charges that Covas, while serving as mayor of Sao Paulo, had also contributed in 1984 to increasing the huge debt of Banespa by first taking a loan for the Municipal Gas Company of Sao Paulo (Comgas), and then failing to repay the $5 million debt.

Covas said Comgas was placed under the Sao Paulo city government for only six months and that it was soon transferred to the state government. Since then, he said, he had not received any more information regarding the loan. Sidestepping a report that he had offered as collateral real estate property that was no longer owned by the city, Covas quipped: "I, as a student, took the loan to finance my studies."

Central Bank Accepts Economico Bank Proposal

PY2609220995 Sao Paulo AGENCIA ESTADO in Portuguese 2355 GMT 25 Sep 95

[By Vania Cristino and Monica Izaguirre]

[FBIS Translated Text] Brasilia, 25 Sep (AE) — Central Bank [BC] President Gustavo Loyola today accepted the plan for improving and streamlining the Economico Eank, submitted by trustee Francisco Flavio Sales Barbosa. "He told me to continue with my trustee work," Barbosa said after a long meeting he held with the BC board of directors. The BC green light means that Barbosa this week will make a formal proposal to the main group that is interested in buying the Economico Bank, the Monteiro Aranha Group.

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Colombia

Samper Comments After Testifying Before Committee

PA2709014795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 27 Sep 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] President Ernesto Samper spoke a few minutes ago outside Narino Palace after making his statements, which lasted the entire day:

[Begin Samper recording] Dear friends of the media: I testified today before the Accusations Committee of the honorable Chamber of Representatives. I gave my free and spontaneous statements, as requested by the chamber, regarding the incidents surrounding the financing of the campaign that took me to the Presidency of the Republic. This process confirms to the national and international public opinion, against what many people think, that our country does have democratic institutions and that these institutions do work. It demonstrates that we have a free media as well as mechanisms of control and oversight that conduct investigations with the government's support. [end recording]

Asserts Ability To 'Discredit' Accusations

PA2709040195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 27 Sep 95

[From the "QAP News" newscast — passages within quotation marks recorded]

[FBIS Translated Text] President Ernesto Samper's sworn affidavit before the Accusation Commission investigator lasted practically 10 hours. In the end, the president evaluated the experience in the following manner before reporters. Without violating any confidentiality, the president assured everyone he was able to disprove most of the accusations against him:

[Samper] "I was supposedly seen in Europe at a time when I was not even there. I was placed in charge of some office when I was no longer responsible for it. I was linked to kidnappings that never took place."

The president said everything had been a plot carefully planned to tarnish his image before the public and the justice system:

[Samper] "I have been able to discredit the accusations against me one by one. I have been able to respond to the false versions and slanders one by one."

He assured everyone that what he is going through is nothing more than another chapter in the struggle against drug trafficking, thanked the support he has received from his entire government team, and ended his speech as follows:

[Samper] "I plan to continue working up to 7 August 1998 without taking time for breaks or exhaustion."

Prosecutors, Search Bloc Sent to Uraba Region

PA2409193095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 24 Sep 95

[From the "Cripton Newscast"]

[FBIS Translated Text] The Prosecutor General's Office has decided to reinforce the team of faceless prosecutors and investigators in the Uraba region. This office wishes to find out who the perpetrators and masterminds of the killings reported in recent days were.

The Prosecutor General's Office doubled the number of faceless prosecutors, who, with the suppport of the Technical Investigation Department, are working to clear up the five mass killings in Uraba, which have left over 80 people dead in one month. So far, 30 people have been implicated in these proceedings, which, according to authorities, are connected with paramilitary groups, guerrillas, self-defense groups, and common crime.

Authorities trust that the enforcement of the decrees issued under the state of internal disturbance can prevent further bloodshed in this region, where the right to life has been ignored by criminals.

Meanwhile, 100 men from the Search Bloc will travel tomorrow to Uraba region to reinforce vigilance and protection of the civilian population, which has been affected the most by killings in that region in Antioquia Department.

A specialized armed commando unit is ready to depart for Uraba, under the direction of General Luis Enrique Montenegro, National Police deputy director. The Search Bloc will leave on Monday. Its mission is to pursue guerrillas, as it did in the past with the drug cartels. The Search Bloc is made up by 100 men from the Antiterrorist Assault and Jungle Commandos, in addition to support groups from the Civic Police and the Minors Police. They will work with the community, which have suffered the most from the massacres.

These 100 men are the best men from the police force. They have even taught courses on their duties to over seven Ibero-American countries. Their work is one of the most valued internationally.

It is expected that with the Search Bloc pursuing the guerrillas, positive results can be achieved.

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Interior Minister on Problems, Solutions

PA2609173695 Santa Fe de Bogota EL TIEMPO in Spanish 24 Sep 95 p 8A

[Article by Interior Minister Horacio Serpa Uribe; from the "Invited Columnist" column: "Uraba: Problems, Solutions, Utopias"]

[FBIS Translated Text] Uraba was created in the 1960's with disorganized settlements that demanded social solutions without having the constitutional channels to fulfill them. Colonization and the banana agricultural project created the setting for the actors and conflicts in that vast geographical region. Peasants, businessmen, landowners, and guerrilla groups exerted pressure to get land while relations between banana producers and workers lacked, for the first 20 years, the channels to negotiate labor conditions. The state was absent while conflicts increased.

Another period began late in the 1980's. The state brought some solutions and labor-management relations were normalized. Then the EPL [Popular Liberation Army] and the CR's [Regional Coordinating Boards] demobilized and it seemed coexistence and progress would replace uncertainty and tragedy. No such luck. The space abandoned by the rebels reintegrated into society was occupied by the FARC [Revolutionary Armed Forces of Colombia] and [Francisco] Caraballo's dissidents; economic problems for the banana agricultural industry began; paramilitary groups increased; political conflicts worsened despite noticeable efforts like the "Apartado Consensus"; and social investments proved insufficient to restrain violence.

In this context and with such a degree of belligerence, there is a current campaign to find solutions to guarantee regional peace. The government seeks to implement an Integral Plan: foster political consensus; defeat impunity; promote social programs, which will cost 390 billion pesos in three years to help overcome the economic crisis being experienced by the banana sector; strengthen the presence of the institutional security forces, make them more efficient; and promote the teaching of participation and coexistence to create a culture of rejection to violence in which the democratic parameters will be imposed as the basic factors to find a feasible and peaceful solution to the conflicts. All of this will be done with the participation of the Antioquia Governor's Office, the church, local authorities, businessmen, unions, and especially, the region's political leaders.

Distressed and justifiably shaken by such heinous crimes as the ones that have taken place in the past weeks, the local leaders have discussed the need of reaching an understanding with the guerrillas and paramilitary groups to stop the violence, and hold what they refer to as regional dialogues.

This proposal is not new. This was suggested in other occasions and other regions, with terrible consequences. A dialogue with armed groups outside the law is only justifiable if it is useful, that is, if it offers results in matters of peace. This does not occur if the parties holding the talks include, on one hand, mayors, priests, and municipal attorneys, for example, who are not capable of compromising with the Police Forces; and on the other, the leaders of a guerrilla front who belong to a national organization, and consequently, are also unable to negotiate agreements because they might be forced to break them at any time to follow the orders issued by the secretariat — in the case of the FARC.

Assuming that the FARC agrees not to collect any protection money, attack the Police, kidnap, or attempt against political opponents, what would it do? It would surely deploy its armed forces in the area, where it would continue engaging in its illegal activities. In the meantime, we face a deplorable situation: the coexistence of those who act outside the law with the region's authorities and civilian population.

A serious outcome of this situation is the fact that the region's natural leaders are being pushed aside. The governor reaches an agreement with the armed group and executes its "suggestions," thus leaving the alderman, peasant leader, union member, and head of household in the dark. However, a peace agreement is never reached.

The worst occurs when dialogues multiply, because unfortunately there are more "Urabas" in the country. There are more than 100 guerrilla fronts and the so-called self-defense groups are on the rise in many places. How many dialogues would be held in three months? Twenty dialogues, or 35? Perhaps 100! Thus, the task of controlling public order would be absolutely impossible.

The president maintains his Plan for Peace. It is certainly at a deadlock, but it could be reestablished if the conditions to implement it were set up. It is false that the declaration on internal disturbance has replaced the government's interest in reconciliation. This interest prevails, only that it does with justifiable reservations because of all the events the public is already aware of. The government has also stated its willingness to hold talks to find a solution to the problem of self-defense groups. The government also plans to explore prospects regarding the clauses of Protocol II of the Geneva Agreements on domestic conflicts: humanizing the war, while peace is negotiated.

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To this effect, the Assistance Commission [Comision Facilitadora] sponsored by the governor of Antioquia has begun to operate. The mayors of the banana area are attending the meetings held by this commission. It might be useful to study the possibility of reaching agreements on International Humanitarian Law in the region, which would entail outside verification. The president of the Republic has outlined proposals to this effect since his important speech in Popayan, and the topic will be thoroughly discussed during a meeting to be held by the president with all the mayors of this region — so hard hit by violence and poverty — at the Narino Palace this week.

Shift in Money Laundering Activities Seen

95WD0452A Santa Fe de Bogota EL ESPECTADOR in Spanish 17 Sep 95 p 7A

[Unattributed article]

[FBIS Translated Text] Santa Fe de Bogota—In view of the war declared by the government on the drug cartels, the kingpins have shifted their assets to different cities.

The construction and real estate sectors are showing an unusual boom in Pasto, Cartago, Buenaventura, Ibague, Bucaramanga, Monteria, and Barranquilla.

Cali has recorded a positive growth of 15.97 percent in construction, but it is all due to the effect of large public housing projects. According to Camacol [Colombian Construction Board] Valle, luxury housing has declined sharply: construction costing 8,000 UPAC [constant purchasing power units] and upward (60 million pesos) is showing negative indexes of unmet demand, because it is no longer a lucrative business.

Whereas, in Cali, the withdrawal of that money is evident, the boom in construction and real estate in regions which are unattractive to the investor such as Pasto, Cartago, Buenaventura, Bucaramanga, Ibague, Barranquilla, and Monteria is amazing.

Cartago, a zone under the influence of the Northern Valle cartel, has shown a recovery in its construction rate amounting to 177.29 percent; and in Buenaventura the rate is 144 percent.

It should be noted that, in Buenaventura, although housing still has the largest share of intended use, the number of meters licensed for commercial use during this half-year represents an increase of 418.14 percent, compared with the same period in 1994.

In Pasto, according to Camacol data, enormous increases are recorded in luxury housing, and it is the city with the largest amount of such growth in the country, compared with the same period in 1994 (156.92 percent).

In Barranquilla, the "narcos" are using rice contraband to launder dollars, while at the same time the authorities report a substitution of narcotics activities with "legal" business firms. The merchants cannot compete with the narcos' discounts, and are going bankrupt.

Besides the investments in tourist complexes, the paramilitary groups, taking advantage of the profits from their war on subversion, have purchased ranches, supermarkets, and shops.

While, on the Ecuadoran border, the drug traffickers have been seizing the best land, in Cordoba the department's traditional ranchers, who controlled 76 percent of the land 12 years ago, have now been left with their holdings reduced to only nine percent.

The traditional Ayapel marsh in San Jorge has been infested with clandestine landing strips for aircraft in the drug traffic's service. On weekends, "strangers" arrive for recreation on small private planes.

The presence of money from the drug traffic in land purchases is illustrated by the researcher and economist from the Libardo Sarmiento National University: "In the early 1980's, three percent of the country's arable land was in the hands of the 'narcos.' During the 1990's, the number is already nine percent." Starting with a million productive hectares, they now own three million.

In Ibague, Law 44 of 1987—passed as a means of helping to alleviate the region's socioeconomic crisis due to the Ruiz flood, by exempting new investors from tariffs and taxes for five years—has facilitated the entry of hot money.

During the period 1993-94, construction permits exceeded all types of license registrations approved in Ibague, involving over 350,000 square meters. This represents four percent of the construction permits issued in the country.

In Bucaramanga, the guilds are of the opinion that, "The entry of illegal capital is a fact that cannot be concealed, although it is very difficult to specify."

Juan Jose Reyes Puyana, executive director of the Chamber of Commerce, does not deny a few cases, but thinks that "people decided to withdraw their savings and invest them in construction."

Maria Isabel Acevedo, executive director of Camacol, denies the presence of ostentatious projects, and claims a decline in the sector in Bucaramanga, to the extent "that it accounts for only six percent of the national funding." She adds that, during 1983, permits were issued for

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243,000 meters. Ten years later, at construction's high point, "the number totaled only 874,000 meters."

The real estate sector, for its part, suffered a 10-percent decline during the first half of the year in the seven leading cities that represent 80 percent of the national real estate activity. In 1994, it had recorded the highest peak in the previous 30 years.

According to Clemencia Parra, national president of the Colombian Association of Commodities Exchanges and Real Estate Associations, Fedelonjas, although there has been a slowdown due to many factors (including counternarcotics operations), a crisis in the sector cannot be claimed.

The fact that investors in real property have held firm (and have even recovered during recent months) is due to the participation of speculative capital, owing to high interest rates. Incidentally, this situation explains why the drug traffickers' money is not there, for the present: they are not interested in productivity, but rather in laundering money. And they are doing so in cities such as those mentioned previously.

Francisco Thoumi, director of the Center for International Studies [CEI] at the University of the Andes, maintains that, in Colombia, there is no place to invest money, because the stock market is too small. That is why the "narcos" are looking at construction, real estate, and livestock raising, among other things, as the only possibilities.

According to the economist, most of the transactions in real estate are undervalued, and tend not to have a stable price. People are willing to have a deed executed for an amount lower than the value of the transaction. "We might say that, in Colombia, there are incentives to facilitate the laundering of dollars."

Thoumi noted that this is far easier in rural real estate. With the presence of the guerrilla movement and the paramilitary forces, there are more incentives for the "narcos," because insecurity causes the land to become cheap. Once they purchase it, the paramilitary forces guarantee security, and the appreciation in value is automatic. [Box, p 7A]

People Do See What the Government Does Not See

According to a poll taken by the National Consulting Center and EL ESPECTADOR, over 50 percent of the Colombians queried in the country's five leading capitals do notice the presence of money from the drug traffic.

Of the 453 polled in Bogota, Cali, Medellin, Barranquilla, and Bucaramanga, 26 percent responded that they observed much of it; 25 percent, very much; 18 percent, a fair amount; 9 percent, none at all; 7 percent, a little; and 15 percent did not know.

Paradoxically, it is in Bogota that the inhabitants most witness money from the drug traffic, with 58 percent giving the combined responses of "much" and "very much." It is followed in order by Medellin, with 56 percent, and Cali, with 52 percent. Appearing next are Barranquilla, with 39 percent, and Bucaramanga, with 36 percent.

In view of the "boom" shown by construction and real estate in Bucaramanga, where it is speculated that the money of kingpin Gonzalo Rodriguez Gacha ended up, Prosecutor Valdivieso ordered an investigation of the unexpected surge of urban development in the Santander capital. They are still waiting for it.

Roundup of Colombian Economic Developments

PA2609182595

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Colombia monitored through 26 September.

The National Enterprise for Telecommunications, TELECOM, today announced that the multinational firms Mitsui-Nec, Sirti SPA, Alcatel, and Siemens will build Colombia's first fiber optics network at a cost of $197.5 million. These firms will begin the first phase of the "information superhighway" this year at a cost of $122.5 million, and within 14 months all of Colombia's largest cities will be connected. The plan also includes the installation of a submarine cable that will communicate several Caribbean coast cities. (Madrid EFE in Spanish 1920 GMT 22 Sep 95; datelined Santa Fe de Bogota)

The Mission for the Development of the Money Market has presented its first study and its conclusions are not very encouraging. Mauricio Cardenas Santamaria, Juan Manuel Rojas, and Andres Escobar, researchers at the Foundation for Higher Education and Development, Fedesarrollo, who conducted the study, concluded that Colombia's stock market is among the smallest and most underdeveloped in the world, and it is also predictable, which makes it very inefficient. The Mission's study cites a study by Levine and Demirguc-Kunt, according to which Colombia's stock market, compared to those of 41 other nations, is among the last four in capitalization, liquidity, risks, concentration, and profitability. (Santa Fe de Bogota EL TIEMPO in Spanish 24 Sep 95)

The Colombian Government has readjusted its system of partnership contracts for the exploration and exploitation of hydrocarbons. New mechanisms have been in-

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troduced, such as offering multinational firms the option to negotiate the extension of their contracts with the Colombian Petroleum Enterprise, facilitate increased investment in the area of exploration, and to make the system more dynamic, thereby promoting capital and technological investment. (Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 26 Sep 95)

Correction to Former Minister Admits Managing Funds

PA2209141095

The following correction pertains to the item headlined "Former Minister Admits Managing Funds in New York," published in the 22 September Latin America DAILY REPORT, page 28:

Column two, last paragraph, third sentence, make read: ...cashier's checks worth 50 million and 80 million [currency not specified] payable to: Pilar.... (adding editorial note)

Ecuador

Impeachment Proceedings Against Dahik To Begin 2 Oct

PY2609205595 Quito Voz de los Andes in Spanish 1700 GMT 26 Sep 95

[Report from Congress by Loida Carriel]

[FBIS Translated Text] A few minutes ago Ecuadoran Congress President Fabian Alarcon announced that Ecuador's most important impeachment in recent years against Vice President Alberto Dahik will start on 2 October at 1600 [2100 GMT].

[Begin Alarcon recording] I had announced that neither Congress, any legislative bloc, nor any legislator would negotiate the impeachment of the vice president of the Republic. I also said that this trial must be held because the people demand it and that it should be held as soon as possible, within the appropriate legal framework, to prevent uncertainty and unpredictable consequences that may result in the political, economic, and social fields. Therefore, keeping the promise of my oath to the country and in compliance with Congress' commitment to Ecuador, to show that within the democratic and constitutional channels we can find the tools to purge ourselves, investigate cases of corruption and — should their existence be proven — sanction those responsible, I hereby wish to announce that the vice president of the Republic will have to answer censure motions proposed by various political parties during the impeachment hearings at 1600 on 2 October when the debate regarding the impeachment of the vice president of the Republic will start.

I want to assure the country that I will grant all the necessary guarantees for this impeachment to develop in an absolutely clear manner, fully abiding by the Constitution and the laws. The culprit and plaintiffs will have every necessary guarantee to state their viewpoints and, with the necessary evidence, endorse their stance from their respective viewpoints. [end recording]

At 1500 today the secretary of the Ecuadoran Congress will go to the Vice Presidency of the Republic to personally notify Alberto Dahik that he will be summoned to Congress at 1600 on 2 October, when the impeachment proceedings against him will start.

Alarcon has also announced that the interpolators are preparing for the trial and that it will probably last between 2 to 4 days, that is, from Monday [2 October] to Thursday.

Military To Respect Impeachment Decision

PY2709022995 Quito Voz de los Andes in Spanish 2300 GMT 26 Sep 95

[FBIS Translated Text] Defense Minister General Alfonso Alarcon said today that the Ecuadoran Armed Forces will respect whatever decision Congress makes on the impeachment of Vice President Alberto Dahik.

He said: We will respect democracy, whatever the Congress decides.

[Begin Alarcon recording] As we stated a few days ago, we are fully convinced that we in the Armed Forces are guarantors of the Constitution and democracy. This is how we will proceed. I believe we must strengthen democracy in order to continue fulfilling our objectives, because the people's main objective is the common well-being. This is what we should strive for and this must be achieved through democracy. [end recording]

Minister Alarcon said the Ecuadoran Armed Forces support democracy and will not intervene in the current political crisis affecting the country.

Army Commander: Domestic Crisis Hinders Border Talks

PY2709000495 Quito Voz de los Andes in Spanish 1700 GMT 26 Sep 95

[FBIS Translated Text] The domestic political crisis currently affecting Ecuador over the alleged cases of corruption are hindering negotiations to solve the historical border conflict with Peru. This was stated by Ecuadoran Army Commander General Paco Moncayo.

In statements published by the Guayaquil daily EL UNIVERSO, Paco Moncayo said that the border conflict with Peru cannot be negotiated until Ecuador's domestic

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crisis is resolved. Moncayo said that in view of this crisis, Ecuador is unable to sit at the negotiating table with Peru to defend the territorial issue with dignity.

Moncayo said that in order to negotiate, Ecuador needs a united domestic front that will allow it to present itself as a sound country before the international community and to maintain with dignity at the negotiating table what the country defended with dignity on the battlefield.

Foreign Minister To Meet Peruvian Counterpart at UN

PY2509225995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1824 GMT 23 Sep 95

[FBIS Translated Excerpt] Quito, 23 Sep (AFP-NA) — Ecuadoran Foreign Minister Galo Leoro said today that the incidents reported at the Peruvian border this week "worry Ecuador." Leoro made this comment upon confirming that military units of the two countries exchanged mortar and rifle fire.

Hours before leaving for New York, where he will meet with Peruvian Foreign Minister Francisco Tudela at the UN General Assembly session, Leoro said: "There was an exchange of rifle and mortar fire."

Yesterday, the Ecuadoran Defense Ministry released a communique stating that the Etza Viejo military post was attacked with mortar and rifle fire by Peruvian units and that one Ecuadoran cargo plane was also fired at from a Peruvian post. The shots did not hit the plane. [passage omitted]

President: Unity Lacking, Lima Visit 'Premature'

PY2709032995 Quito Voz de los Andes in Spanish 2300 GMT 26 Sep 95

[FBIS Translated Text] Ecuadoran President Sixto Duran-Ballen regrets that the respect he has shown for the Constitution has not served to unite the country, in contrast with the position of the Peruvian people who support President Alberto Fujimori despite his violation of the Constitution.

He said the comparison is obvious: Peruvian President Alberto Fujimori violated the Constitution and in the recent military confrontation he was unsuccessful but even under those conditions the people supported him by reelecting him.

He said: In contrast, I have respected the Constitution and human rights at all times. There was not a single political prisoner in the three years of my administration. I democratically respected the decision of others; there is complete freedom of the press; we did very well in the military confrontation with Peru early this year; and still the country is not united. The media should really ponder this comparison.

Duran-Ballen also said it is premature to say if he will travel to Lima because many things will still have happen despite the fact that President Fujimori visited Ecuador to attend the Rio Group summit on 4 and 5 September of this year after the military conflict between the two countries early this year.

Duran-Ballen denied that he contacted Fujimori to discuss the incidents in the border region reported by Ecuador last week. Duran-Ballen said the incidents must be overcome by the Foreign Ministries of the two countries and the Ecuador-Peru Military Observers Mission.

Rio Protocol Guarantors To Meet in Brazil

PY2709033795 Quito Voz de los Andes in Spanish 2300 GMT 26 Sep 95

[FBIS Translated Text] Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordova said today that the meeting of deputy foreign ministers of Ecuador and Peru and the guarantors of the Rio de Janeiro Protocol will be held next week, but he said no formal invitation has been received yet.

He also disclosed that Foreign Minister Galo Leoro may hold an informal meeting with Peruvian Foreign Minister Francisco Tudela at the United Nations.

[Begin Fernandez recording] Ecuador is the secretary of the Rio Group, which is holding several meetings on the occasion of the UN General Assembly. The group will hold meetings with Canada, Russia, the Arab countries, and the European Community. The meetings also include Peru. Thus, the Ecuadoran and Peruvian foreign ministers will have a chance to hold informal meetings. [end recording]

One of the points to be discussed at the meeting to be held in Brazil is the extension of the presence of the MOMEP [Ecuador-Peru Military Observers Mission] at the border between the two countries. Fernandez also disclosed that two officers of Ecuador and Peru will join the MOMEP in the next few days.

Correction to Bankers View Finance Minister's Dismissal

PY2509210995

The following correction pertains to the item headlined "Bankers: Dismissals of Minister To Harm Country's Image," published in the 25 September Latin America DAILY REPORT, pages 67-68:

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Page 68, first column, fourth paragraph, only sentence make read: ...foreign debt, some $17.2 million of the special (correcting figure from "billion" to "million," per monitor recheck)

Correction to 'Incidents' Reported on Border

PY2509211195

The following correction pertains to the item headlined "Reportage on Skirmishes With Peru Over Border: 'Incidents' Reported on Border," published in the 25 September Latin America DAILY REPORT, pages 65-66:

Page 66, column one, second paragraph, last sentence make read: ...September on a commercial aircraft. (rewording, correcting "private" to "commercial" per monitor recheck)

Paraguay

Wasmosy Returns From Bolivia, Comments on Strike

PY2609134795 Asuncion ABC COLOR in Spanish 26 Sep 95 p 11

[FBIS Translated Text] Returning on 25 September to this capital [from Bolivia], President Juan Carlos Wasmosy received information on the strike from Interior Minister Carlos Podesta, Justice and Labor Minister Juan Manuel Morales, and from National Police Chief Mario Agustin Sapriza-Nunez. Wasmosy said that when there is dialogue and conciliation all problems can be resolved. He urged workers to make this approach instead of using extreme measures.

He added: "This must be the way in all these things, not to resort to disturbances and to obstruct the normal development and movement of other citizens that do not agree with the strike."

The chief of state appealed to the consciousness not only of the union leaders but also of all the citizens to encourage and support rapprochement and to support an approach "to the negotiating table to seek a solution." He said that a practice that "is giving good results" must not be abandoned."

He then stated that he will listen to the demands of the workers, urging them to "submit their petitions through the normal channels."

Contradictory Versions of Strike Observance 25 September

PY2609174195 Asuncion ABC COLOR in Spanish 26 Sep 95 p 2, 6, 11

[FBIS Translated Excerpt] CUT [United Workers Federation] Leader Alan Flores and CNT [National Workers Federation] Leader Eduardo Ojeda have termed the strike action called by their unions "successful." Their estimated observance (60, 80 and 100 percent) comes in stark contrast to remarks by Justice and Labor Minister Juan Manuel Morales, who, having labelled it as a "pitiful failure," reckoned that only 20 percent of workers observed the strike.

The trade unionists called a general strike yesterday — the second in 15 months — to protest over the Wasmosy administration's neoliberal policy, unemployment among youngsters, and the death of peasant Pedro Gimenez at Cruce Santa Rosa crossroads on 7 September.

Most of the workers who actively participated in yesterday's strike were not very clear about why they were striking, as evinced by their answers to ABC COLOR reporters.

The organizers did their utmost to stop the circulation of public transport at the access roads into Asuncion through the use of force. The most serious incident occurred when the driver of a No. 20 bus supposedly fired his .22 caliber pistol at Carlos Rios, an ANDE [National Electric Power Administration] trade unionist, when the latter tried to force him to get out of the bus. The driver, Julio Franco Gomez, 27, was taken into custody.

Reporters and photographers were attacked by enraged strikers who were photographed hurling stones at a bus on Madame Lynch Avenue.

The strikers who had rallied at this avenue, which is an access to the capital city, beat up photographers Eduardo Franco (LA NACION), Sebastian Caceres (NOTICIAS), Mario Valdez (ULTIMA HORA), while Channel 13 reporter Gloria Torras was pushed and jostled away.

There were several scenes of panic among commuters — many of whom sustained cuts to their faces and arms, while others became hysterical. [passage omitted]

Some 200 workers marched from Madame Lynch Avenue to Democracy Square where they were to have staged a protest rally. They hurled projectiles at the shops on Eusebio Ayala Avenue that were open for business. As a result of this the shop owners rapidly closed up.

The strike did not have much support in the interior, although some incidents took place in Ciudad del Este.

More than 100 peasants blocked Highway 7 in Caaguazu for two hours. No disturbances were reported.

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Labor Secretary Luciano Mendoza has brought a criminal action against Flores, and trade unionists Roberto Medina and Persio Duarte for inciting workers to use violence against bus drivers who refused to observe the strike.

According to data collected by the Ministry of Industry and Commerce, only 20 percent of factories closed on account of the strike. As for retail businesses, the commerce under secretary reported that only 25 percent of retail businesses did not open yesterday, both because of the strike and also because of the Jewish New Year, which was observed yesterday. [passage omitted]

All the banks opened at 0845 like any other day. Even though some employees did not report for work, activities were conducted without problems.

Street vendors along Palma Street and the money changers on the corner of Chile and Palma Streets worked normally. [passage omitted]

Correction to Wasmosy: Party Crisis 'Overcome'

PY2509203895

The following correction pertains to the item headlined "Wasmosy: Colorado Party Crisis 'Totally Overcome'," published in the 25 September Latin America DAILY REPORT, page 68:

Column two, paragraph three, sentences one and two, make read: ...came later. The negotiators were the candidates for president of the Colorado Party, the current president of the Colorado Party, Miguel Angel Ramirez...(rewording for clarity)

Page 69, column one, paragraph three, first sentence, make read: ...election of the pro-administration faction candidate have on the...(changing "ruling-party" to "pro-administration faction")

Peru

Former President's Extradition From Colombia Sought

PY2609163095 Madrid EFE in Spanish
1057 GMT 25 Sep 95

[FBIS Translated Excerpt] Lima, 25 Sep (EFE) — Through an official extradition request last weekend, the Peruvian Government seeks to soon end former President Alan Garcia's political asylum in Colombia. Garcia is charged with corruption.

Garcia, 46, who was Peruvian president between 1985 and 1990, has been charged and indicted for collusion, taking bribes, and illegal enrichment to the detriment of the State.

The extradition request was published on 23 September in the official gazette EL PERUANO. It states that Garcia's repatriation was requested by the Civil Chamber of the Peruvian Supreme Court to the Colombian Government.

Prior to that, since the middle of the year, the former president was wanted by Interpol in more than 100 countries. [passage omitted]

Political circles in Lima are certain that during the course of the week the government will send the request for extradition to the Colombian court.

If the Colombian court approves the request, nobody knows how long it will take to get the former president back to Peru because he may resort to various legal tool to delay his return.

One of them has already been used by Garcia's lawyer Judith de Matta, who last week filed a "writ of habeas corpus" to end the police search for her client.

Legislator Fernando Olivera, one of Garcia's implacable enemies, said the measure is "a clumsy measure orchestrated by Garcia to confuse the Colombian authorities."

Whether his extradition takes long or not, Peruvian politicians and the public believe the former president will soon be behind the bars of a Lima prison.

Even Garcia's own political party, the APRA [American Popular Revolutionary Alliance] which brought him to the presidency, has told him on several occasions that the most "worthy and decent" thing he could do was to voluntarily return to Peru and hand himself over to the authorities.

Venezuela

Saudi Oil Minister Brings Message on Cooperation

LD2609115195 Riyadh SPA in Arabic
1044 GMT 26 Sep 95

[FBIS Translated Text] Puerto la Cruz, Venezuela, 26 September (SPA) — Servant of the Two Holy Places King Fahd Bin-'Abd-al-'Aziz has sent a written message to His Excellency President Rafael Caldera of Venezuela about bilateral relations between the two countries and means of developing them, particularly in petroleum fields and on cooperation through OPEC for stabililty in the world oil market.

The message was conveyed by His Excellency Engineer 'Ali Bin-Ibrahim al-Nu'aymi, minister of oil and mineral resources, when he was received by the Venezuelan president last night in Puerto la Cruz.

The minister of oil and mineral resources arrived in Venezuela last Saturday to head the kingdom's

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delegation to the fourth meeting of oil-producing and consuming states currently being held in Venezuela.

Iran's Petroleum Minister Addresses Energy Conference

LD2609221195 Tehran IRNA in English 2153 GMT 26 Sep 95

[FBIS Transcribed Text] Tehran, Sept. 26, IRNA — Oil Minister Gholam Reza Aqazadeh-Kho'i, in an address to the 4th International Energy Conference in Puerto la Cruz, Venezuela, on Tuesday described the prospect in the world for oil and gas, Iran's national energy policies until the year 2,000, the Iranian role in international enery policy, and offers for improvement of the enery markets.

"Iran ranks second among the oil exporting countries and fourth among the world oil producers," said Aqazadeh-kho'i, adding that "from the standpoint of gas resources, Iran with over 21 trillion cubic metres of natural gas, ranks second in the world."

Saying that natural gas as a fuel is not detrimental to the environment, he stated that Iran wants to export its natural gas to the world markets through pipelines.

"The visible and invisible obstacles in the way of oil and gas trade should be removed because discriminations among the various kinds of fuels will create disorder in demand and supply process and impose a decrease in revenue for the producers, and will ruin the the market safety," Aqazadeh-Kho'i commented.

Referring to a dangerous situation which will be created by the fluctuation of oil prices, Aqazadeh-Kho'i said that a steep drop in oil price will influence the investments and impose another oil crisis on the world.

Energy Conference Creates Expectation

PA2609143995 Caracas ECONOMIA HOY in Spanish 23 Sep 95 p 9

[Report by Jose Enrique Arrioja]

[FBIS Translated Text] Aimed at creating a climate of expectation with respect to the significance of the Fourth International Energy Conference, Kuwaiti Oil Minister Abd al-Muhsin al-Mudij commented yesterday that even if the meeting fails to bring about any concrete results, it will serve "at least to create a minimum level of understanding between the world's oil producers and consumers."

After having arrived in the country two days ago, the Kuwaiti oil minister thus became the first official to provide statements on the conference out of a total of 32 energy ministers scheduled to take part in the conference who will be discussing the future of the international petroleum industry during a three-day period.

However, the dialogue between producers and consumers is not likely to end with the signing of a final document or any type of declaration befitting a meeting between such a level of government representatives. The obvious question then is what results can be expected?

"I am always an optimist," the Kuwaiti minister commented. "I believe that the mere fact that 32 energy ministers are meeting could lead to a minimum level of agreements. Even if neither of us signs an agreement or a declaration we will reach to some sort of exchange. That in itself is good. It is better to discuss things face to face instead of doing it through separate statements."

During the three previous meetings that took place in France, Norway, and Spain, the conference ended without the signing of any document, and ever since these gatherings began, oil market observers have not given much importance to the results of these meetings.

However, the fourth conference takes place at a time when members of the Organization of Petroleum-Exporting Countries (OPEC) are constantly accusing each other of violating production quota agreements that have been set since September 1993 at 24.5 million barrels per day.

In the meantime, world demand continuous to grow with each passing day due mostly to the economic reactivation of the so-called G-7, and the "Asian tigers," all of which has boosted demand for crude oil from 65 million barrels per day in 1993 to nearly 69 million barrels per day during 1995.

With growing demand, stable prices, and the continuation of production quotas, the dialogue comes as a new attempt to maintain fossil fuels as the preferred energy source throughout the world.

Production and Market

Kuwait has progressed to such an extent that it has been able to diversify its domestic and overseas investments and recently signed an agreement with Italian firm Agip Carbone to build a refinery with a capacity of 300,000 barrels per day to supply the European market.

Likewise "we are looking toward Southeast Asia, India, Pakistan, and Thailand with the objective of building at least three refineries in the coming future. One week ago, we signed a letter of intent with India related to the construction of a refinery in that country."

Currently, Kuwait's production capacity totals nearly 2.5 million barrels per day and country expects to raise it to 3 million barrels per day by the year 2000 "even

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though our objective is to reach to 3.5 million barrels per day by the medium term," the oil minister explained.

OPEC Quotas

However, the Kuwaiti energy spokesman had to pass over the majority of questions regarding the issue of OPEC quotas and specially regarding accusations against Venezuela for selling 300,000 barrels per day above its specific quota.

"If a quota violation does exist, it should be dealt within the organization during the next OPEC meeting, not outside the organization, because that could harm us," the spokesman commented.

Even though the meeting will be heterogeneous, various news dispatches from international news agencies have affirmed that OPEC, and especially the committee to monitor oil production will hold a special session during the Fourth International Energy Conference. Not in vain did the Kuwait Minister arrive in Venezuela ahead of time, and strangely enough he is a member of the mentioned committee.

"We believe that a $21 per barrel price is fair for us as well as for consumers and producers. In addition, that price would be vital to the stability of the market."

In addition to the pricing issue, the Kuwaiti Oil Minister said that "it was unfair that if OPEC countries own 80 percent of the world's oil supplies, that they should have the current share of the market."

Faced with an increase in oil demand which Abd al-Muhsin al-Mudij estimates will reach 1 million barrels per day in 1996, he leans toward giving OPEC a greater role: the organization should retain 40 percent of the world's oil production. "I believe it is our right to expect this percentage of the total production and I believe that non-OPEC members should discuss this issue," al-Mudij said.

Shadows of the Past

The possibility of oil producers and consumers sitting at the same table to discuss hydrocarbon issues has an antecedent in the OPEC meeting held in Carabellada in 1970, and an initial approach five years later in Algiers (Algeria) where an OPEC meeting of presidents, monarchs, and heads of states took place.

That same year, a Conference of Industrialized and the Third World Countries took place in France, after which almost complete silence reigned regarding the possibility of dialogue. Meanwhile, the price of a barrel of oil soared from $2 per barrel to astronomical figures approaching $40 per barrel.

An Energy Conference was organized in May 1991, following the Gulf War. Seven OPEC ministers, some non-OPEC ministers, and representatives from France, Japan, Norway, and the European Commission attended the conference.

It was not until the Paris Conference, co-sponsored by Venezuela, that a Meeting of Oil Producing and Consumer Countries was firmly established. Twenty-six oil ministers and foreign ministers, nine international organizations, including OPEC and the International Atomic Energy Agency, the European Commission, and high-ranking representatives of the world's oil industry agreed to meet.

In 1992, the so-called Second Ministers' Workshop on Energy was held in Solstrand, Norway, in which it was determined that energy is crucial to the political, economic, and environmental interests of nations and that it can be used as an instrument for cooperation, which is necessary in an increasingly interdependent world.

Finally, in Cartagena de Espana, in 1994, the Third International Energy Conference took place where issues such as forecasts for oil and other energy sources, the use of natural gas in the future, and energy and the environment were discussed.

The Fourth Energy Conference could represent a new step regarding energy issues or circumscription to a new meeting without results.

"We believe that the shortest path toward a solution is comprehension between OPEC and non-OPEC producers which would have positive results for the two groups and for the oil market. What would be the reaction of non-OPEC countries if we decided to flood the market with thousands of additional barrels of oil? Most likely, we would all be affected and it would disrupt the market, harming consumers and producers alike. Kuwait does not encourage this prospect," the Kuwaiti Minister said.

Pressed on the issue of his country's current production level and Kuwait's strategy, al-Mudij said: "If OPEC decides to maintain the current production ceiling, we will abide by that decision. However, if OPEC decides the opposite and leans toward increasing the ceiling on oil production, we will insist on increasing our production 200,000 barrels per day.

Roundup of Venezuelan Economic Developments

PA2609224795

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Venezuela monitored through 26 September.

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Steve Hare, vice president and general manager of Guardian of Venezuela, announced on 12 September the company will build a glass plant in Colombia worth $120 million. Hare added the plant will be built through a joint venture of Guardian of Venezuela, Owen Illinois, and the Peldar Glass Company of Colombia. Guardian of Venezuela has invested approximately $100 million in Venezuela since it began operations in 1991. (Caracas EL GLOBO in Spanish 15 Sep 95 p 8)

According to a poll conducted by the Central Statistics and Data Processing Office (OCEI), the industrial sector has increased its levels of production during the second quarter of 1995. The OCEI added that 41.8 percent of the industrialists reported an increase, while 13.6 reported a drop in production. Meanwhile, the Central Bank of Venezuela (BCV) reported that the volume of industrial production indicates an increase of 17.7 percent during the second quarter of 1995 as opposed to the first quarter of the same year. (Caracas EL UNIVERSAL in Spanish 21 Sep 95 p 2-24)

The BCV sold 6.263 billion bolivares in Monetary Stabilization Bonds, TEM, on 20 September, which represents 31 percent of the 20 billion bolivares that were offered in the auction. On 13 September, the BCV had offered 25 billion bolivares in TEM's, and was able to sell 16.556 billion bolivares. (Caracas ECONOMIA HOY (INDICADORES Supplement) in Spanish 21 Sep 95 p 1)

The BCV announced on 20 September that the international reserves of Venezuela have registered a second drop in 1995 of $200 million when they fell to $9.4 billion. The report added the increase in imports, and the demand for dollars by Venezuelans who travelled abroad on vacation is the reason for the new setback. (Mexico City NOTIMEX in Spanish 1855 GMT 21 Sep 95; datelined Caracas)

Venezuelan Petroleum, Incorporated, PDVSA, has confirmed its contribution of 892 billion bolivares to the national treasury in 1995, in addition to the 60 billion bolivares that it paid in January of this year, PDVSA President Luis Giusti reported to the press. (Caracas ECONOMIA HOY in Spanish 24 Sep 95 p 5)

Fernando Luis Egana, minister of the Central Information Office, OCI, has reported that the economy of the country has entered a stage of recovery. According to the OCI, the national economy grew by 1.7 percent during the first six months of the year, mainly as a result of a growth in the manufacturing sector and the oil industry. As for exports in general, Minister Egana pointed out that these have reached $16 billion. (Caracas ECONOMIA HOY in Spanish 24 Sep 95 p 3)

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